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No. 9, September 1983

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4 January 1984

**USSR REPORT  
WORLD ECONOMY AND INTERNATIONAL RELATIONS**

No 9, September 1983

Except where indicated otherwise in the table of contents the following is a complete translation of the Russian-language monthly journal MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA published in Moscow by the Institute of World Economy and International Relations, USSR Academy of Sciences.

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## ENGLISH SUMMARIES OF MAJOR ARTICLES IN MEMO JOURNAL

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 9,  
Sep 83 pp 158-159

[Text] D. Proektor's article "The Helsinki Forum and Peace in Europe" is dedicated to one of the most pressing world problems, for Europe is the focus of the military confrontation of the two most powerful military political blocs. But precisely here in Europe, the author says, the perspectives for lasting peace are promising. The author examines the new, more realistic philosophy of European security politics elaborated in the 1970's and early 1980's which is of tremendous importance for the present and future, and sums up the ideas on issues of war and peace which have been formulated by the Soviet Union not to mention its political practices based on these ideas. He states that the Prague Political and Moscow Summit Meeting declarations both are the synthesis of the philosophy of socialism, confirming the topicality and effectiveness of the peaceful program of the Soviet Union and the socialist states which come out against competition in the field of nuclear arms, against military rivalry in general. The Soviet Union and the socialist states are firmly convinced, the author stresses, that no world problems, including the historical dispute between socialism and capitalism, can be solved by military means.

V. Kornev and D. Suvorov in their article "Good-neighborhood and Cooperation" points out that stable, good relations between countries with different social systems and different ideologies are possible today at a time of heightened confrontation in the world arena. The article refers to the traditional and ever closer cooperation between the Soviet Union and Finland. For 35 years now these relations have been developing, acquiring new forms on the basis of the Soviet-Finnish Treaty of Friendship, Cooperation and Mutual Assistance. The article stresses that the pre-term prolongation of the Treaty for another 20 years is a major milestone of not only bilateral significance. The article underlines that trust between the two countries is not affected by the fluctuations of the world barometer, the very trust that has been created by the striving of both sides for mutual understanding and by strict adherence to the provisions of the treaty.

"Efforts to Curb the Arms Race and Their Implications for Development" by I. Ivanov highlights the consequences of the recent acceleration of the arms race and its proliferation among developing countries for the process of their

economic and social development and vice-versa, the eventual benefits these countries may derive from practical measures aimed at disarmament and the limitation of military spending. The author x-rays the interrelation between detente and development, new impulses for the latter on international and national levels in case of disarmament, the vulnerability of a developing economy to the military burden. The last paragraph of the article is devoted to a comparative analysis of the recent struggle for detente and new international economic order in their numerous intertwining aspects.

On the firm basis of Marxist theory of capital S. Zagladina in the article "The Modern Trading Capital" traces its evolution, outlines its contemporary particulars, analyzes the qualitative shifts in the interaction of the two: industrial capital and trading capital.

Scientific and technological progress contributed to the drastic transformation of production and trading involving the complication of their interrelations. The significance of marketing increased radically. The trading function has become the essential sphere of activity for the productive firms as well as for the specialized trading ones. Though sometimes different in various countries the statistical data given in the article proves this conclusion.

The author features the means purported to rationalize trading within the capitalist framework namely vertical integration, market programming on the wide computerization basis, subcontracting, etc. But the impetus of such moves remains the same: increase of profits. Conglomeration among retail firms begin to interfere with the production matters affecting the overall macroeconomic proportions.

The contemporary competition brings about the differentiation and expansion of market services: from wide advertising companies to the large scale after sale services employing various types of installment trade. Thus marketing costs continue to grow excessively.

Trading capital plays an increasingly active role at the macroeconomic level interfering deeply in the production structure. Furthermore, it becomes, so to say, the producer of mass consumer, influencing and orienting the demand. Once again in the field of trading one can see the aggravating contradictions between the necessity to rationalize trade according to the contemporary requirements and costs of such rationalization offsetting its benefits in the capitalist economy.

N. Volkov in his article "On the Scale of Neocolonial Exploitation of the Newly Independent Countries" considers a whole set of problems dealing with the methodological aspects of classification and valuation of the losses suffered by the developing countries within the framework of economic relations with imperialist states. The pattern of the article is determined by these two major issues. The article not only theoretically substantiates the growing urgency of the problem and generalizes the attempts being made in Soviet and foreign literature to estimate comprehensively the losses suffered by the developing countries from neocolonial exploitation but proves the objective nature of these losses due to the unequal economic relations imposed upon the newly independent countries by the West within the historically formed

structure of the world capitalist economy. The author proposes a classification system composed of five interconnected units to evaluate the losses of the developing countries. Proceeding from this system the author estimates these losses at an annual average of more than 90 billion dollars at the end of the preceding decade. This is why the prospects for setting up a new international economic order largely depend on eliminating the existing practice of pumping the resources of the developing countries into imperialist states without any compensation whatsoever.

B. Rubtsov in his article "New Zealand and Her Economic Difficulties" poses the question: can the country as before be considered an economically highly developed one. The author shows that the crisis that has struck its economy was stipulated by internal and external factors. He notes that the 1970's demonstrated the need for export diversification, wider raw material processing, all-round development of such branches of industry which could actively compete in the world market. The article draws attention to New Zealand's attempt to adjust to the changed conditions of world development which turned out to be a prolonged and painful process. But the results of this attempt were expressed mainly in changes in the geography of foreign trade and in a certain reduction of the share of agriculture in the gross national product and in the country's exports. No deep structural shifts in industry took place and as the author believes, without them the economy of New Zealand is doomed to further vegetation.

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## WESTERN, SOVIET APPROACHES TO PEACE, SECURITY CONTRASTED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 83 pp 3-11

[Article by D. Proektor: "The Helsinki Forum and Peace in Europe"]

[Text] The process called the Helsinki process has, since 1975, entered the historical fabric of European international relations. There is scarcely a more important task for Europe than defending this process from the threats and encroachments of those imperialist forces which are attempting to cancel out its results, to emasculate it, and ultimately to consign it to oblivion.

The maximum effort is needed to preserve the foundation on which the development of relations of good-neighborliness, mutual respect, and trust has been based. All European states have become convinced from their experience of the advantages to be derived from detente and antimilitarism based on the peoples' will.

This approach fully accords with the ideas of the socialist countries. Yu.V. Andropov has said: "The USSR totally rejects the view of those who are trying to persuade people that force and arms can and always will resolve everything. Now more than ever before the peoples are advancing to the forefront of history." It follows that sensible policy of peace in our time has immeasurably greater opportunities for influencing the course of the historical process and greater attraction than the senseless policy of militarism.

The world of socialism considers it its duty and a point of honor to act in the role of guarantor of world peace and, of course, of European security.

The Soviet Union and the other fraternal countries are deeply convinced that the only fruitful policy in Europe is the policy of peaceful coexistence which met with universal recognition 8 years ago in Helsinki. The participants in the 28 June 1983 meeting in Moscow of leading party and state figures of seven socialist countries stressed in their joint statement: "In the Helsinki Final Act the 35 states which took part in the conference on Security and Cooperation in Europe solemnly undertook to make detente a constant and increasingly vital and comprehensive process of universal scope. They unanimously stated their desire to develop better and closer relations between each other in all fields and thus to overcome the antagonism stemming from the nature of their relations in the past and to achieve better mutual understanding."

In our time constructive collaboration between states of the two social systems has become an objective requirement. Against the background of the experience of the 20th century, which has brought two world wars, this determines the need to promote ideas and to pursue a policy which would strengthen the foundations of European peace.

The socialist community countries have put their entire political and economic potential at the service of peace. They see European security as a state of international relations favoring the European states' progress on the basis of the principles of complete sovereignty, independence, and equal rights, and which ensures conditions ruling out confrontation and capable of preventing military conflicts. I should like to recall A. Einstein's words back in 1946, at the dawn of the nuclear era, about "explaining to the peoples how essential it is right now to think anew if mankind wants to live and take the path of progress."

But the creators of imperialism's military policy who ignored the very profound changes taking place in the world--in the field of technology and in social relations--remained deaf to the appeals from the best human minds. The traditional approach whereby leaders of bourgeois society considered war to be a "normal" means of resolving the political problems which arise is absolutely conceivable at the present stage. In our day it is impossible to think in pre-Newtonian terms.

The two world wars which have arisen in Europe in this century caused colossal casualties and devastation and immeasurable psychological, social, and other upheavals, especially for Europeans. Some 65 million people died in them, including almost 50 million Europeans. The sum total of the damage caused was in excess of \$4 trillion, with Europe bearing the brunt of it. Modern science gives one answer to the question of the possible consequences of nuclear war. Civilization would be totally destroyed and the world's economic, social, and political structures would be annihilated. Mankind would be wiped out. Nuclear war, by virtue of the actual physical properties of nuclear weapons, would be a historically unparalleled catastrophe. These are all realities of our time which must be considered objectively and soberly. That is why political and military doctrines can be regarded as consistent with the requirements of the time only if they proceed fully from these realities.

The socialist countries believe, as the Warsaw Pact states' Political Declaration (January 1983) states, that the situation existing in Europe demands more than ever that states pool their efforts with a view to the consistent pursuit of a policy of detente, peace, and disarmament.

Immediately after World War II the most perceptive politicians predicted that it would be impossible to resolve a single political problem with the aid of nuclear weapons. This applied particularly to Europe with the limited space, high population density, and developed economic infrastructure. Subsequent decades have shown that this conviction was entirely justified. We cannot fail to agree with the conclusion of advanced science (in particular the representatives of 36 academies of science at their meeting in Rome) that nuclear weapons cannot be an instrument of policy or a tool of war.

The Soviet Union and its allies have elaborated a realistic and constructive policy of European security. It is based on the fact that the forces of peace are now stronger than the forces of war. This is borne out by the numerous mass antiwar demonstrations which have been held under slogans of safeguarding the right of people and nations to a free, dignified, peaceful existence, and by the speeches of parliamentarians, scientists, doctors, and representatives of public circles at various international forums like the world assembly "For Peace and Life and Against Nuclear War" held in Prague in June 1983.

Above all, the foundation of genuine security must be peaceful coexistence. V.I. Lenin stressed socialism's absolute interest in peace. The principle of peaceful coexistence is meeting with increasingly broad international political recognition. Those circles in capitalist states which see in its implementation the only opportunity for developing interstate relations under the new historical conditions have come to an awareness of its importance.

The socialist countries are convinced that deterrence [ustrasheniye] through military force cannot be a reliable means of achieving international security, European security included. The "deterrence" philosophy which forms the basis of NATO strategy is essentially irrational. It can be said automatically to stimulate hostility and antagonism. It proceeds from the primitive division of Europe into "friend" and "foe." If there are no real foes then they are "created" artificially through mythmaking. The socialist countries and primarily the USSR are constantly depicted as "potential aggressors" who can be "contained" ["sderzhat"] only by the constant threat of nuclear war. The very idea of "deterrence" thus includes the potential for provoking complications and conflicts.

This approach also includes the desire for military superiority. It is incompatible with the principle of parity and identical security. Even if the aim of acquiring a "first strike potential" is unattainable in practice, according to the logic of deterrence it must be constantly present, encouraging militarist tendencies.

True guarantees of European security are achieved primarily by the political desire for peace, by the maintenance of peace via detente and disarmament. The Soviet Union believes that a European peace based on the fear of Europe's destruction at any moment is a substitute for real peace, while the "security" based on this is immoral and, in reality, nothing of the kind.

The socialist states' efforts in the field of military building are enforced, retaliatory efforts aimed at protecting socialism and maintaining approximate parity with NATO.

The dimensions of the Soviet military potential cannot be correctly assessed without proper consideration of at least two very important factors. First, the Soviet Union's very complex geostrategic position, making it necessary to show concern for reliable defense in a number of directions. The United States has nothing like that to worry about. Second, the historical experience of the Soviet people who have experienced the grave consequences of Hitler's

onslaught and other acts of aggression. The United States' history has been different. All this forces the Soviet Union to have a defense potential consistent with the nature of the potential dangers and neutralizing them. But no more.

Our state has never been the initiator of the arms race. This has invariably been the other side. Therefore you cannot measure the military building of the USSR and the United States with the same yardstick, or pin equal responsibility on them for the arms race. Soviet military policy is not only geared strictly to defense, it also organically includes the idea of the universal limitation of military efforts.

From the first days of its existence the Soviet state has constantly displayed the desire for peace. What meaning do we invest in this concept? The desire for peace is primarily respect for the legitimate interests of real security. For peace in Europe it is very important that everyone have a clear idea of the interests of each other's security. The ideas of the time of the British Empire whereby politics were considered a game of "balance of forces" but were in reality a clash between forces for the sake of "equilibrium in the European concert" and a ceaseless struggle to obtain political and strategic superiority over others and at another's expense--these notions have long since vanished into the past in Europe. They had some kind of purpose in the past as a unique method of creating an advantageous disposition of forces on the eve of each successive war. But they lose their meaning now that the very concept of a clash between West and East is dangerous madness.

The desire for peace means observing not only in words but also in deeds the principle of equality and identical security. The socialist countries recognize that the approximate balance of forces which has now formed between the states of the different systems must be preserved because it promotes political stability and the consolidation of peaceful relations and creates definite preconditions for talks on military detente.

Finally, the desire for peace means recognition of the need for the broadest development of economic cooperation between the European states belonging to different social systems. Their enormous economic potential, territorial proximity, established means of communication, and the substantial prospects for the intercomplementarity of the economies of the CEMA and the EEC countries--is this not the weightiest argument in favor of cooperation between East and West?

The desire for peace presupposes the ability in all situations to see, among the many opportunities and options, the main goal--the search for peaceful, constructive solutions. It means pursuing a solid, clear policy geared toward detente and disarmament.

As a result it may be said that a correct, sensible policy of peace and the readiness of the sides for political decisions helping to strengthen security and trust are more necessary than ever. The socialist community states for their part are constantly doing everything in their power to pursue a constructive policy in Europe.

However, the line of the NATO bloc and the U.S. Administration, which have set a course for the deployment of new U.S. medium-range missiles on the territory of a number of West European countries cannot fail to lead to a complication of the situation in Europe, where an enormous quantity of arms, both nuclear and conventional is now concentrated and where the armed forces of the two military alliances are directly adjacent. This is evidence that Washington is using the "military factor" in interests which run counter to the goal of all-European security. The "missile campaign" it has undertaken is aimed against European detente. It is aimed at splitting the continent and setting its two parts against each other. From the military viewpoint NATO'S "two-track solution" is fraught with the violation of the approximate balance of the military potentials in favor of the United States and with the direct threat to the Soviet Union and its allies presented by the sophisticated nuclear systems deployed on their threshold. That is why the top leaders of the socialist countries stated at their 28 June 1983 Moscow meeting that "they will in no circumstances allow military superiority over themselves. They resolutely advocate ensuring the balance of forces at the lowest level."

At the same time it is perfectly obvious that the United States is trying by means of missile "rearmament," to turn West Europe into some kind of stable axis in the global mechanism of the buildup of military forces.

The preparation for the deployment of hundreds of new missiles in Europe pursues many political objectives. They include West Europe's total subordination to Washington's policy. At the same time this is also a part of the course toward attaining overwhelming military superiority which the Atlantic--and primarily the U.S.--militarists are seeking.

Washington's propaganda services refer here, as usual, to some sort of Soviet nuclear missile superiority in Europe, to a "window of vulnerability," to the "qualitative superiority" of Soviet missile weapons, and so forth. However, the USSR has neither military superiority nor any intention of achieving it. The approximate military parity now existing in Europe is a historical reality formed in the postwar decades and throughout this period it has served as a very important precondition of political equilibrium and military stability on the continent. Both could be shaken by the deployment of the new U.S. missiles.

But it is not our policy to disrupt the equilibrium. We are not the ones who initiated the arms race. By the early seventies the United States had initiated the creation of 23 major new weapons systems. Since then the number of U.S. "initiatives" has grown still further.

The NATO leaders frequently assert that the Soviet Union was the first to begin to develop new, more powerful medium-range missiles. They point here to the SS-20 missiles, but in actual fact the foundation for preparing a "theater" missile was laid by the West back in the period 1969 through 1972, and in 1975 a special program was adopted concerning the Pershing-2 missiles. In 1972 contracts were concluded for the development of the Tomahawk cruise missile. As for the SS-20, the West began talking of it only in 1977. There are no grounds for presenting the creation of the new U.S. missiles as a "retaliatory measure."

Bourgeois propaganda, which, as far as the Soviet Union is concerned, is in the habit of exaggerating some things and concealing others, is seeking to make out that the Soviet partial modernization of a particular type of weapon is a global threat to mankind, while its own large-scale war preparations are something of little significance. That is the key in which a most extensive campaign over the SS-20 missiles has been and is being conducted. And it is not only that the significance of the modernization of obsolete 20-year-old missiles (the SS-4 and SS-5) has been exaggerated but also that there has been a simultaneous understatement of the NATO programs for modernizing numerous, indeed virtually all, existing types of weapons and developing new ones.

The program announced in the early eighties by the United States for building up nuclear arsenals was conceived as a means of exerting political pressure and attaining hegemonist goals.

The U.S. "forward basing" system in Europe, a sort of U.S. "second strategic potential" for which the Soviet Union has no analogy, presents a grave problem in this connection. If the United States has essentially created a "dual deterrent potential" for itself and two strategic nuclear echelons, the Soviet Union has only one and, moreover, one which is countering not a single nuclear power but several at once. The result is that the United States is able to menace a considerable part of Soviet territory and the military forces there from West European territory without using its own main strategic forces. At the same time the Soviet Union has been obliged to rely only on its own strategic potential on this plane.

The NATO decision to deploy 108 Pershing-2 missiles and 464 cruise missiles in West Europe complicates the situation still further. Instead of a collective search for ways of ensuring a reliable equilibrium, a serious step is being taken toward disrupting it. Because for the Soviet Union these missiles are a strategic weapon, and it can only assess the threat issuing from them as a strategic threat. In this context the Soviet SS-20 missiles are just a means of counterbalancing the U.S. "forward based" system and the strategic asymmetry it creates. These missiles cannot reach U.S. territory; they are designed exclusively to neutralize the threat emanating from the U.S. "forward basing" system. The Soviet missiles are not designed to "deter" West Europe.

Our concept proceeds from the need, in Yu.V. Andropov's words, "to maintain a countervailing restraining [sderzhivayushchiy] equivalent"--and nothing more (from this 6 June 1983 speech at the banquet in honor of Finnish President M. Koivisto). But this concept differs radically from "deterrence."

"Deterrence" is used to justify achieving military superiority over the states of a different social system in the most dangerous sphere--the nuclear arms sphere. The Soviet idea of a countervailing restraining equivalent, like its military doctrine, is geared to the equilibrium of forces and the inadmissibility of disrupting it.

Furthermore, it must be borne in mind that the very existence and possession of nuclear weapons contain a potential threat. This threat is inherent in any weapons. But nuclear weapons increase this threat to an unprecedented degree. But the main thing nonetheless consists in a policy which "controls" weapons, in the political will of those who possess them. For the Soviet Union, loyal to the ideals of socialism and peace, for the Soviet people, who have withstood a series of military calamities, the sole point of possessing these weapons is to show a potential aggressor that an attempt to attack us could be suicidal. Thus it is indeed a case only of countervailing and indeed restraining and equivalent forces, not superior ones. Of enforced efforts dictated by experience and the real dangers.

Finally, the NATO strategists allow the possibility of a "limited" and protracted nuclear war and even of victory in it, while Soviet military thinking considers such a war to be criminal because it would entail universal catastrophe. Our aim is not to win nuclear war but to prevent it.

If the concept of "deterrence" proceeds from the NATO bloc's first use of nuclear weapons, the Warsaw Pact countries state that they could use such weapons only in the most extreme circumstances, and never make first use of them, but only in response to a nuclear attack.

The concept of "deterrence" is distinguished by the duality expressed in reliance on "preemptive" actions, on a nuclear attack, while the Soviet concepts are of a strictly defensive nature.

The philosophy of "deterrence" encourages a course toward constantly forging ahead in the qualitative arms race, which NATO has been displaying for decades. For its part, the Soviet Union can only respond to the NATO challenge.

The difference between "deterrence" and "containment" is thus not only a matter of terminology.

Soviet military policy cannot be correctly assessed by viewing it in isolation from history, but ignoring the difficult path our state has traveled. Our security policy and our military doctrine are derived from Lenin's course toward peaceful coexistence and the resolution of all disputes by peaceful means.

Socialism has not needed and will not need war. The USSR's foreign policy, including its European policy, is undeviatingly guided by the instructions of the 26th CPSU Congress. "Defending peace--there is no more important task now on the international plane for our party, our people, and all peoples of the world."

The Warsaw Pact states are seeking Europe's complete liberation from nuclear weapons, both medium-range and tactical. That is the main and ultimate goal. They believe that a radical reduction of medium-range nuclear weapons in Europe on the basis of the principle of equality and identical security, on condition that the military-strategic equilibrium is maintained at increasingly low levels, could be a major step in this direction.

Here the Soviet Union offers different options. Either not to have nuclear weapons in Europe at all or to have both sides reduce their medium-range by more than two-thirds, so that each side is left with 300 delivery vehicles. The USSR is prepared to retain exactly the same number of missiles as Britain and France have, and not one more. As for aircraft, equality could be reached at a considerably lower level than now.

At the same time the Soviet Union is prepared to reach agreement on equality of nuclear potentials in Europe in terms of both delivery vehicles and warheads, taking the corresponding British and French arms into account. We advocate that the USSR have no more missiles nor warheads on them than the NATO side has at each mutually stipulated period. The realization of this proposal would result in their being considerably fewer of both medium-range missiles and warheads on them in the European part of the USSR than there were prior to 1976, when it did not have any SS-20 missiles at all. The Soviet Union does not aspire to a single medium-range aircraft or a single nuclear charge more than the NATO countries possess.

As a first effective step it would be possible to freeze these arms in quantitative terms and maximally limit their qualitative modernization.

The Soviet Union and its allies have also advanced a number of other initiatives aimed at ensuring European security, including by means of lowering the level of military confrontation in Europe. A very important place among them is occupied by the proposal to conclude a treaty on the mutual nonuse of force and the maintenance of relations of peace between the 7 Warsaw Pact states and the North Atlantic Treaty states, open to all other countries.

This treaty would provide for a mutual commitment not to use either nuclear or conventional arms.

The socialist countries advocate creating zones free from nuclear weapons in various parts of Europe, among them northern Europe and the Balkans, including discussing the question of granting nuclear-free status to the Baltic Sea. Mention should also be made in this connection of the USSR statement that it will not use nuclear weapons against nonnuclear countries which do not produce nuclear weapons, acquire them, or permit their deployment on their territory, the call to renounce the enlargement of existing military blocs in Europe and on other continents and the creation of new ones, and the proposal to convene a conference on measures to strengthen trust, security, and disarmament in Europe.

Agreement should also be reached on widening measures to strengthen trust in the military sphere by including in them prior notification about naval and air force exercises and also about major troop movements, and on widening the zone of application of these measures by extending them to the whole European part of the USSR--on condition that the Western states also correspondingly widen the zone of measures of trust--and a number of others.

At the end of the departing millennium history has set before mankind the question of the correlation of the might of force and political reason. And the answer consists in the fact that wars, threats to use force, and all kinds of "deterrent" as a political means are losing their former significance and

becoming outdated, particularly in Europe. At the same time a sensible policy of peace, peaceful coexistence, talks, agreements, cooperation, liquidating conflicts, and preventing crises is becoming the absolute objective demand of the times.

The criterion of the correctness of states' foreign policies is the extent to which they accord with the chief imperative of the epoch--the preservation and strengthening of peace. The policy of the socialist community countries, as experience shows, accords with such loftiest criteria and has stood the severest test. It gives powerful boosts to the development of relations among states which most accord with the natural course of history.

World development, which is filled with dynamic revolutionary transformations--social, technological, ideological, political, and many others--cannot help but be very complex and contradictory and at times full of conflict and dangerously explosive. The pace of historical progress is speeding up extraordinarily.

Soviet people want to see our world a world of people, not just of missiles; of the burgeoning of culture and all-around progress of thought, not just of ultramodern techniques for delivering nuclear warheads "to the target," remembering that those same people and the fruits of their labor are the "targets." The militarist thinking of imperialism's ideologues, underpinned by the categories of military strength and force and taking into account only Tridents, Pershings, cruise missiles, B-1 aircraft, and so forth, is poisoning the planet's political climate.

The Soviet Union and the United States are equally interested in detente and peaceful coexistence. The common interest consists in avoiding a confrontation with each other and preventing local conflicts from developing into a global East-West clash.

The Joint Statement by the participants in the meeting of leading party and state figures of seven socialist countries held in Moscow 28 June 1983 emphasizes: "...No world problems, including the historical dispute between socialism and capitalism, can be resolved by military means." It once again proclaims readiness to make every effort for the speediest ending of the arms race and the transition to disarmament, particularly nuclear disarmament.

The further rapid development of science and technology could lead at the end of the century to a mass of new improvements in very different spheres, including the military sphere. The intentions of militarist circles to use the latest achievements of the scientific and technical revolution for their own mercenary purposes are now perfectly obvious. And it is here that politics will have to say its decisive word, for it alone is capable of turning scientific and technical progress to the good of mankind and not to its detriment.

"Only the wise are capable of governing people"--these words of Socrates frequently come to mind at times of growing tension. The complex situation which has taken shape in the early eighties dictates the implementation of a policy aimed at resolving the global problems common to all mankind. These are,

above all, to prevent nuclear war and, in the long term, reliably and totally exclude its very possibility from the life of mankind, and to reduce the role of the military element in international relations. The following problems also await their resolution: the demographic, food, and energy problems, the problems of protecting the environment and overcoming the gap between developed and developing countries, the problem of raw material resources, and others.

We disagree with those who predict the end of European civilization. It is more likely, on the contrary, that its embarkation upon a totally new phase should be expected. There are no contradictions in the world for which the price of a universal nuclear catastrophe would without fail have to be paid. The danger, however, lies in the fact that imperialism's policy is pushing the world toward such a war and that the instruments of such a war and the doctrines justifying it do exist. Finally, serious alarm is aroused by the lack of progress at the talks on limiting military potentials at the same time as they are being modernized at a fast pace.

All efforts must be directed toward ensuring that war does not put an end to the history of mankind. It is necessary to adhere in practice to the principles of international relations which were reflected in the Final Act of the historic Helsinki conference and which emphasize the inadmissibility of using force or the threat of force.

And, finally, the imperious course of history most forcefully places the very broad development of all-around fruitful cooperation on the agenda of world politics. Just think what tremendous prospects will be opened up before European civilization if, instead of the contest imposed by imperialism in means of thermonuclear catastrophe, creative competition is developed among all the peoples--large and small--of our continent. Apart from the economy, this concerns also such spheres defined in the Helsinki Conference's Final Act as science, culture, art, sport, and tourism. And only people who on the threshold of the 21st century can think in stone age terms can allow themselves to play with the destiny of European civilization and the destinies of all European peoples.

The Helsinki process must and will live and develop. And this is evidenced by the expected positive outcome of the Madrid forum. "It is significant, for example," Yu.V. Andropov declared in his 20 July 1983 speech, "that during the acute and long political struggle at the Madrid meeting the overwhelming majority of states contrary to the line of certain forces, still made their choice in favor of finding mutually acceptable solutions. This is a healthy, reassuring sign. It is necessary to work through to the successful conclusion of this meeting and ensure the continuation of positive processes in full accordance with the spirit and letter of the Helsinki Final Act."

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## ARMS RACE SEEN HARMING THIRD WORLD, SERVING WESTERN INTERESTS

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 83 pp 22-34

[Article by I. Ivanov: "The Problem of Curbing the Arms Race and Development"]

[Excerpt] Peaceful Impetus to Development: International Scale

These gains and losses [from international tension and detente] can already be traced distinctly in an international context, at the level of the confrontation of the two world systems. There is a particularly topical ring in the present situation to V.I. Lenin's words that "a war between the leading countries would not only be the greatest crime" but would inexorably lead "to an undermining of the very conditions of the existence of human society."\* It is now perfectly obvious that a global nuclear conflict, which could have no victors, would by no means leave unscathed the developing countries either. It would contaminate their natural environment with radioactive fallout and affect those of them in which military bases are sited and also vast expanses of the world's oceans, which would become theaters of the warring navies' military operations. It is perfectly obvious that all this would cause the developing states both tremendous materials losses and ecological damage fraught with disruptions in the planet's biosphere.

Even separating oneself from the most likely consequences of nuclear war and assuming that the territory of the developing states themselves and their material-production base escape destruction in the fire thereof, this would still signify for them a large-scale historical catastrophe and the impossibility of a solution of problems of their development for hundreds of years ahead. Indeed, such a catastrophe would devastate the economy, science and culture of the developed part of the world, whence the developing countries now obtain almost all the technology they need, 86 percent of financial assistance and 92 percent of machinery and equipment and 66 percent of food imports. From the economic viewpoint this would mean the total

\* V.I. Lenin, "Complete Works," vol 36, p 396.

## IMPORTANCE OF FRIENDLY SOVIET-FINNISH RELATIONS STRESSED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 9,  
Sep 83 pp 12-21

[Editorial report] Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 9, September 1983 publishes on pages 12-21 a 4500-word article entitled "Good-neighboringness and Cooperation" by V. Kornev and D. Suvorov. The article praises Soviet-Finnish relations since 1917 as an example of good relations between states with different social systems and as proof of Russian and Soviet sympathy for the interests and aspirations of other nations. In particular, the article stresses the importance of the 1948 Soviet-Finnish Treaty of Friendship, Cooperation and Mutual Assistance and of the continuation of the "Paasikivi-Kekkonen" line in Finnish foreign policy. It approvingly quotes President Mauno Koivisto on this subject. The article discusses the importance of the Conference on Security and Cooperation in Europe and of calls for a non-nuclear zone in Northern Europe. It criticizes "opponents of peace and detente," "U.S. official representatives and propaganda services," and unnamed Finnish "figures" for asserting that Finnish-Soviet relations are less than equal. In particular, it criticizes the use of the term "Finlandization," especially Japanese Prime Minister Nakasone's comment on the subject. The article also notes the importance of Soviet-Finnish economic cooperation, especially for Finland.

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\* V.I. Lenin, "Complete Works," vol 36, p 396.

disruption of the mechanism of social reproduction and the disorganization of its proportions and intrinsic interconnections.\*

World transportation, communications, payments, information, education and health care systems would be irreversibly disorganized, and restoring them would manifestly be beyond the powers of even the most "survived" developing countries. In short, the developing world, even if it were preserved physically, would be thrown back by a global nuclear conflict to an extent incomparably greater than the consequences of the centuries of colonial domination even.

Of course, such a conflict is by no means fatal and inexorable. The forces of peace and social progress have every reason for historical optimism in the struggle to avert it. However, in this case it is extremely important to emphasize that the interests of the young states are also suffering from the arms race as such. This is directly linked with the fact that into the crucible of military budgets are thrown tremendous resources, some of which under different conditions might be used to the benefit of development, on the basis of the well-known Soviet proposals submitted to the United Nations included. Indeed, according to an estimate of the Stockholm International Peace Research Institute, the capitalist world's military spending (1978 prices) had by 1980 risen to almost \$350 billion, which is roughly equal to the entire accumulation fund of the developing states. In addition, the NATO countries have pledged to further increase expenditure for military purposes at a rate which could lead to it doubling in the next 20 years.

In the event of a reduction in military budgets, what proportion of these resources could be readdressed to development needs would depend on the corresponding international arrangements. In any event, however, this sum would be calculated in billions of dollars, and this is considerable. We would recall that the fulfillment of all the UN programs in the sphere of health care, environmental protection, education, food and technical assistance requires about \$2 billion annually altogether. The financial and material assistance to the agriculture of the developing countries capable of leading them to self-sufficiency in food by 1990 is put at the level of only

\* Specifically, this reproduction would essentially be left without its first subdivision, the role of which here is performed largely by industrial imports. There would also be chaos in the second subdivision, where the same imports cater for a considerable proportion of the demand for food and industrial consumer goods. Finally, the very problem of the sale of the social product in the developing countries is solved largely through exports, three-fourths of which again goes to the zone of the developed capitalist and socialist states. Of course, in the years of independence the emergent countries have done much to ensure that the reproduction process therein proceed on a national basis and within the framework of mutual cooperation. Nonetheless, such a sudden and all-embracing disappearance of the external components of this process would cast them back to a subsistence economy, cancel out the achievements of industrialization and engender colossal problems of a social nature, including a growth of unemployment, which already stands at the 400-500 million mark or one-third-one-half of their total manpower contingent.

0.5 percent of current world military spending. The cost of a single Trident missile is equal to the spending on the tuition of 16 million children or the cost of housing for 2 million persons.\* Such examples could be continued. At the same time this approach, which is confined merely to the channels of reorienting some military spending to development needs, far from exhausts the entire potential salutary effect of disarmament on the position of the emergent countries.

Indeed, the roots of many of these states' problems lie not only within their own economy but also in the state of the world economic environment in which this economy functions. A curbing of the arms race could undoubtedly perform a positive role here also, and in respect of a number of interconnected fields, moreover.

Thus a reduction in military spending would mean for many developed countries the elimination of or an appreciable reduction in their budget deficits, and this could, finally, erect a barrier in the way of such an international disaster as inflation, which these deficits (as, equally, the increased cost of armaments) regularly feed. With respect to the developing countries this would, first, make it possible to slow the growth of their import costs and confine such a growth basically merely to objective factors--an improvement in the specifications of the supplied products. There would also be a slowing of the process of the depreciation of the young states' currency reserves, the total of which has now declined to the level of the cost of 10 weeks of imports. It would limit exchange rate fluctuations (caused by the uneven nature of the inflation rates in individual countries) and thereby reduce the losses of the young states which hold their reserves in the "sinking" currencies.

Finally, current inflation is accompanied, as a rule, by a rise in interest rates, which reached a record level at the start of the 1980's. Each additional percentage increase in such rates for the developing countries as a whole is the equivalent of an increase in their indebtedness of \$2 billion a year. Largely for this reason the developing countries' total debt has begun to snowball, having surpassed \$626 billion in 1982, and become their main foreign economic problem for the current decade. Meanwhile a curbing of inflation could lower interest rates appreciably, while the elimination of budget deficits would afford the governments of Western countries an opportunity to redeem from the private banks some of the debt obligations of the young states which cannot be paid off on time, transfer them to the category of preferential development aid, partially refinance the deferral of payment and reconsolidation of this debt and so forth. Plans for such measures, which are designed to avert the bankruptcy of both a number of debtor countries and, incidentally, the creditor banks themselves, have already been drawn up.\*\* But they are impracticable under the conditions of the growth in military spending.

\* See F. Castro, "The World Economic and Social Crisis, Havana, 1983, p 207.

\*\* See BUSINESS WEEK, 28 February 1983, pp 8-9.

A reduction in this spending would also facilitate the emergence of the capitalist economy itself from the current crisis. The emergence is as yet being held up owing to the corporations' incapacity for financing the necessary capital investments in view both of the above-mentioned high interest rates and the shortage of resources in the loan capital market, whence the lion's share thereof is being drawn off by state loans to cover the same military preparations. A curbing of the arms race would help if only partially to lift from the economy this financial press oppressing it and make recovery not sluggish and unstable, as now, but more full-bloodied. For the developing countries this would mean increased demand for their exports, a reduced need to "live by borrowing" and, consequently, an improvement in the general economic situation as a whole. According to the calculations of experts of the American Morgan Guaranty Trust, if the current anemic state of the Western economy continues, the total debt of the 21 biggest debtor countries among the developing states could rise by 1986 to \$850 billion, while given a growth of this economy at the average rate of the postwar recovery periods, only to \$650 billion. Correspondingly, the diversion of export proceeds to cover the debt would then remain at the present level of 25 percent compared with 30 percent in 1982 and 47 percent by 1986.\*

In addition, besides favorable cyclical changes, basically market-determined, disarmament could also summon into being structural factors favorable for the developing countries operating in a long-term perspective.

It is well known that raw material as yet provides three-fourths of the young states' export proceeds. But it is precisely this component of demand in which there is a comparative decline as the arms race unfolds. This race is now primarily of a qualitative nature and demands either comparatively less raw material per unit product or material with properties which obviously cannot be produced by the industry of the developing countries. And, on the other hand, civil production is far more material-intensive, which opens up new markets for the raw material sectors of the young states.

There is a similar situation when it comes to consumer demand. Being catered for to a large extent by the product of the developing states, it is dependent in a highly sensitive way on the level of income of the population, that is, not least on the extent of its employment. Here, in spite of the assertions of defenders of the arms race, militarization again demonstrates its negative effect. In the United States every \$1 billion spent on military purposes creates an average 50,000 new jobs fewer than the same \$1 billion invested in the civil economy. In this sense Reagan's new military program, for example, is depriving the United States of roughly 900,000 new jobs, while as a whole militarization is increasingly divorcing from the commodities of the young states their potential consumers, whereas with disarmament the reverse would occur.

But even this is not the end of the negative foreign economic consequences of militarization. Loading up production capacity, it deprives it of the

\* BUSINESS WEEK, 21 February 1983, p 48.

possibility of working for civil exports. Thus in the mid-1970's military orders absorbed 45 percent of the aircraft industry's product in the United States, 46 percent in France, 50 percent in Britain, 70-80 percent in the FRG and so forth. The value of military shipments among the firms which are the Pentagon's leading contractors fluctuates from 30 to 90 percent of their total production (compared with 20-70 percent in the period 1961-1967), and their delays in the fulfillment of civil orders run to months. As a result on the world market there is a reduction in the selection of commodities and a weakening of competition, and this has obvious disadvantages for the developing countries for in the opposition to the Western monopolies they have hitherto actively taken advantage precisely of the existence of interfirm competition. This situation is again leading to an overstating of prices, and at the other end of the industrial spectrum, furthermore, the sharp and constant increase in the cost of the military product stimulated by a variety of loopholes during work on public money is making its contribution to inflation. Indeed, in respect of just 50 weapons systems on which production recently began in the United States their total cost constituted on average double the planned cost.\*

The press on military spending is also preventing modernization of the civil industrial sector. Reducing its competitiveness (and, consequently, the profitability of the developing countries' acquisition of the corresponding product), this is simultaneously preserving in the West's industrial structure many backward, stagnant sectors whose very existence is possible merely behind a wall of protectionist defense, against analogous, but cheaper products of the developing countries included. For example, the program for the building by the Americans of the naval F-18 fighter alone is equivalent in terms of cost to the expenditure on the modernization of the United States' machinery pool to raise it to the level of Japan's machinery pool.\*\* As far as the "new protectionism" is concerned, it has become for the developing countries the foreign economic problem second in importance (after debt) for the 1980's.

Such currently are the real price of militarization and, on the other hand, the possible gains from disarmament for the economy of the developing states.

Of course, positive impulses in the event of progress along the path of disarmament may emanate and will emanate for them not only from the West but also from the socialist countries, which even now are doing more comparatively in the sphere of rendering the young states assistance than the NATO or OECD countries. K. Marx even emphasized that the principle of socialism is peace,\*\*\* and this principle is the firm basis of the foreign policy of the socialist community states. However, it is perfectly obvious that the new round of the arms race unleashed by aggressive imperialist circles cannot fail to give rise to a retaliatory reaction of the socialist countries, against which this race is primarily directed. "...Let no one be in any doubt," Yu.V. Andropov, general secretary of the CPSU Central Committee and chairman

\* See TIME, 22 February 1982, p 37.

\*\* See THE NEW YORK TIMES, 26 July 1981.

\*\*\* See K. Marx and F. Engels, "Works," vol 17, p 5.

of the USSR Supreme Soviet Presidium, emphasized, "we will never permit our security and the security of our allies to be jeopardized." This is also, naturally, connected with the allocation for the needs of defense of the necessary resources therefore. But these same resources could be in the event of a start on disarmament based on equal security be channeled, as they are released, into the modernization of Soviet industry and a rise in the people's living standard, which, as is known, is the general line of the CPSU in the sphere of the economy. This would also increase the country's export sector and its import potential, for consumer goods included. There would also thereby be extended opportunities for cooperation with the emergent states and an increase in the USSR's economic and technical assistance to these states in the interests of their accelerated development.

#### The Flaws of Militarism in the Developing Economy

No analysis of the interconnection of disarmament and development can, obviously, be reduced merely to the international aspect, in disregard of the processes occurring within the developing countries themselves. A characteristic singularity of the 1970's-1980's was the emergent states' accelerated buildup of their own military potential, and their armed forces joined direct military conflict among themselves quite often, furthermore. The Seventh Nonaligned Conference in New Delhi noted with concern that disputes and conflicts between nonaligned countries had become more acute in recent years and that some of them are entailing grave human losses and causing the economy of such countries serious losses and at the same time represent a threat to the peace and progress of their peoples, as, equally, to the cohesion and solidarity of the nonaligned movement.

Indeed, the developing countries' total military spending increased from \$27.8 billion in 1970 to \$81 billion in 1982, and it increased, moreover, preferentially to the dynamics of their GNP. As a result in 1982 these countries accounted for 16 percent of the world's military burden, and in terms of this burden's share of the GNP (5.9 percent) the developing world outpaced the developed world. Currently the emergent countries absorb approximately three-fourths of world arms imports.

A differentiated approach to the causes and sources of such phenomena is undoubtedly necessary. Many young states are acquiring weapons under constraint as a means of defending their sovereignty against the encroachments of imperialism and its agents. Their involvement in armed conflicts is of the nature of just wars, in which some of them rely on the moral-political and, if necessary, material-technical support of world socialism (Angola, Ethiopia, Afghanistan, Kampuchea).

The legacy of colonialism, primarily the patchwork of state and ethnic borders which took shape as a result of colonial seizures, is frequently the cause of wars and conflicts. To the ethnic conflicts are frequently added racial or religious conflicts and also an entirely new form of conflicts at the time of demarcation of the shelf, as a result of which interstate disputes are carried over from dry land to the water expanses of the seas and oceans.

Of course, they could be settled politically, to which the nonaligned movement or the OAU, which advocates, *inter alia*, preservation on the continent of the historically evolved borders between states, invariably aspire. However, it remains a fact that dozens of young states are involved to this extent or the other in political, ethnic, religious and other conflicts in Asia, Africa and Latin America.

Under the conditions of the aggravated international situation the imperialist powers are making particularly intensive use of external and internal conflicts in the developing world to destabilize the situation in any country or region and, ultimately, to realize their neocolonialist aims. The events in Chad serve as a striking illustration of this. A civil war is essentially under way in this Central African country between the forces of the transitional government of national unity headed by G. Oueddei, leader of the Chadian National Liberation Front, and the H. Habre grouping. Rendering the latter armed support, the United States, France and their African allies are thereby turning the internal political conflict in Chad into an international conflict, weakening the unity of the countries of the continent and harming the cause of peace and cooperation. The USSR, a TASS Statement of 4 August 1983 emphasized, "emphatically condemns these unlawful actions, which are a threat to peace and international security. They must cease. An end must be put to the imperialist powers' arbitrariness."

It is no secret, further, that a number of developing countries, threatened by nobody, is nonetheless engaged in active military preparations against its neighbors. Difficulties of the development of their own statehood, internal political crises and leaders' ambitions could be the reasons for this. But at every step it is participation in the Western countries' "great-power imperialism"--the granting to them of military bases, participation in military blocs, performing the functions of "regional gendarme" and so forth. Such, for example, was Somalia's aggression against Ethiopia and now the provocations of Guatemala, Honduras and the Salvadorian junta against Nicaragua, Pakistan's support for the Afghan counterrevolutionaries and Thailand's support for Pol Pot's people. The army, finally, is also being employed as an instrument of repression against its own peoples (El Salvador, Guatemala, Chile, Uruguay, Paraguay, Somalia, Oman and elsewhere).

All this is placing on the fragile economy of the developing countries a most heavy burden, which is emasculating the accumulation fund, diverting a significant body of skilled personnel from creative use, depleating foreign currency proceeds and ultimately reducing the pace of development and its scale as a whole. It has been calculated, for example, that the young states are spending on arms six times more than on health care and three times more than on education, while in the least developed countries suffering from starvation as much is spent on military needs as on agricultural development. Arms purchases form one-half of the developing countries' foreign trade deficit, and they maintain 15 million men or 60 percent of servicemen in the world under arms. As a result every dollar spent for this purpose reduces their possibilities of investment in development by 25 cents.\*

\* F. Castro, Op. cit., pp 204, 207.

As the example of the senseless war of mutual exhaustion between Iran and Iraq shows, the material losses from local wars can assume huge proportions. However, even with the absence of direct military operations such harm is caused development by premeditated or enforced arms purchases. By the mid-1970's even 95 emergent states were importing heavy arms from abroad--tanks, ships, missiles and aircraft. Some 105 such states are acquiring foreign arms altogether, and their number is constantly growing.\* And important qualitative changes increasing their costs and rendering them politically increasingly dangerous are occurring in arms imports here.

First, it is no longer, as earlier, a question of the developing countries' acquisition of the obsolete remnants of others' military arsenals. It is the latest weapons which are increasingly often occupying the main proportion in imports. For example, whereas the United States began to supply to these parts of the world the Lance missile 18 months after its development, the F-14 fighter 12 months after and AWACS systems simultaneously with its receipt by the U.S. Air Force, orders for the F 18 fighter were accepted prior to the completion of its development even, while the French firm of Marcel Dassault is even developing its new Mirage 4000 aircraft jointly with Saudi Arabia.

Second, as distinct from machinery and equipment, arms are extremely rarely sold on credit. As a rule, they are acquired for ready cash or in exchange for commodities in the shortest supply, which puts an additional burden on the developing countries' balances of payments. Thus the shah's government of Iran acquired Rapier air defense missile complexes from Britain in exchange for oil, and Saudi Arabia, Oman and Iraq adhere to the same practice.

Third, servicing the increasingly complex military equipment which has been purchased, which is impossible with the weak national technical and personnel resources and which demands the hiring of military advisers and instructors from abroad, is becoming an independent and rapidly growing item of the payments (up to 15 percent of the sum total of deals). Sixty French advisers apiece work in Niger and Cameroon alone, 85 in Tunis, 110 in Mauretania, 150 in Morocco, 420 in the Ivory Coast, 500 in Gabon, 650 in Senegal and 1,700 in the Central African Republic; the contingent of British instructors in Zambia numbers 60, 80 in Botswana, 85 in The Gambia, 100 in Kenya and 150 in Ghana.\*\* The number of American advisers in the shah's Iran ran to (and in Saudi Arabia runs to) tens of thousands. Regular troops even are frequently brought in to service military equipment, or it is concentrated at foreign military bases, and this has a definite political implication.

Finally, the very density of the developing countries' saturation with weapons is also undergoing qualitative changes, potentially multiplying conflict situations. In 1980 even they were supplied with \$18.3 billion of military equipment compared with \$8 billion in 1975, and contracts have been signed for

\* See A.V. Kozyrev, "No to the 'Death Trade'," Moscow, 1980, p 6.

\*\* THE ECONOMIST, 19 December 1981, p 59.

future supplies totaling \$41 billion. From 1973 through 1980 some 4,050 warplanes, 25,500 tanks and artillery pieces of various systems, 21,680 armored personnel carriers and 26,020 air defense missiles were shipped to the Near East and South Asian countries alone, and whereas in 1957-1958 only one developing country was armed with missiles and one with supersonic aircraft, the numbers in 1975 were 27 and 43 respectively.

Naturally, such supplies produce huge profits for the arms manufacturers. F. Engels once warned that capitalism readily speculates in means of violence.\* V.I. Lenin also pointed out that the international arms trade was increasing under the influence of the activity of a mercenary handful of arms producers and generals, who are united among themselves and attempting with might and main to artificially create foreign markets for their lethal products.\*\* Besides overstating prices, corporations of the military-industrial complex derive additional benefits from an expansion of the batch production military equipment. Thus the Pentagon saves thanks to this per \$1 billion invested in arms production \$70 million. The same is true for private firms also. For example, the five biggest U.S. military-industrial corporations (General Dynamics, Litton Industries, Textron, Raytheon and Northrop) export from 20 to 51 percent of the arms they produce. "American military business," the journal THE ECONOMIST writes in this connection, "could hardly have operated better even if the United States had been in a state of war."\*\*\* It is not surprising that the Western powers are specially inciting conflicts in the zone of the emergent states, supporting dictatorial regimes and spurring tension. Thus the Camp David "peace" deal included arms supplies from the United States to both its participants totaling \$4.5 billion; 35 percent of Israel's arms exports go to Latin American dictators, 30 percent to South Korea and Taiwan and 20 percent to South Africa, that is, to the planet's flashpoints.

But whereas the arms exporters are multibillion-dollar corporations, the purchasers are frequently the world's poorest countries, which are spending for this purpose resources which they so need for the solution of most acute economic and social problems. Thus Somalia, which has a per capita GNP of \$130 and suffers from periodic droughts, began, upon prompting from outside, aggression against Ethiopia and acquired at least \$215 million worth of arms (or \$54 per inhabitant), which caused material damage, brought about mass migrations of the population and political repression inside the country and sharply increased its foreign debt.

Recent studies, particularly those conducted by UN experts, show that the development trends of the emergent countries, the poorest particularly, in the event of continuation of the arms race and, on the contrary, given if only a partial limitation thereof, appear as highly divergent alternatives (see table).

\* See K. Marx and F. Engels, "Works," vol 20, p 164.

\*\* See V.I. Lenin, "Complete Works," vol 23, pp 175-176.

\*\*\* THE ECONOMIST, 12 February 1983, p 66.

Table 1. Certain Indicators of Development by the Year 2000 Given Different Versions\* of World Military Spending

<u>Groups of countries</u>	<u>Version A</u>	<u>Version B</u>	<u>Differences between versions percent</u>
<b>I. Per capita GNP (\$)</b>			
Arid zone of Africa	143.4	353.1	+146.2
Low-income Asian countries	136.1	190.4	+39.8
Latin American countries poor in resources	418.2	488.1	+16.7
Tropical Africa	244.9	381.5	+55.8
<b>II. Employment in industry (millions)</b>			
Arid zone of Africa	20.6	48.4	+134.9
Low-income Asian countries	134.1	177.1	+32.4
Latin American countries poor in resources	52.8	58.3	+10.4
Tropical Africa	41.6	67.9	+63.2
<b>III. Production capital (\$, billions)</b>			
Arid zone of Africa	57.3	135.8	+136.9
Low-income Asian countries	364.4	501.3	+37.5
Latin American countries poor in resources	327.5	378.2	+15.5
Tropical Africa	110.6	185.4	+67.6

\*Version A--given continuation of the arms race, Version B--given a reduction in the proportion of military spending in the GNP to 75 percent by 1990 and 60 percent by the year 2000 of the 1970 level.

Source: "UNCTAD. Trade and Development Report, 1982," New York, 1982, p 124.

One further highly important point has to be noted in this connection. For the purpose of saving foreign currency and also securing independence in the military sphere a number of emergent states embarked on the creation of its own military industry, and 30 developing countries had such in 1979. This phenomenon cannot, of course, be evaluated simply, independently of the specific factors engendering it. In any event, however, the creation of a military industry is an extraordinarily costly undertaking. What is more, certain features characteristic of the West's military-industrial complexes are beginning to show through in the countries of a capitalist orientation in the mutual relations of the local haute bourgeoisie and the government, and imperial notes are stealing in in the behavior of the bourgeois itself.

## Detente, Antidetente and the Struggle for a New International Economic Order

As is known, the Leitmotiv of the collective diplomacy of the developing countries in the 1970's and 1980's has been the struggle for the establishment of a new international economic order (NIEO). It is fitting to recall that the very NIEO program was put forward precisely in the peak years of detente and was largely the fruit of the new situation in the world which it had created. A particular feature of this situation was the prevalence of realistic trends in the foreign policy of Western countries and the recognition by a considerable proportion of their ruling circles of the hopelessness and danger of the use of force and the threat of force in foreign policy. This approach, which was then predominant in respect of the socialist countries, largely also extended to the imperialist powers' policy in respect of the young states, particularly following the failure of the American adventure in Indochina. "If the use of force means armed struggle," the well-known West German political scientist Ch. Bertram observed in this connection, "the chances of success (in a conflict in the developing countries--I.I.)... are small, whereas the risk of it escalating out of control is, on the other hand, enormous."\* For this reason dialogue then became the arterial direction of the Western powers' policy in respect of a NIEO, albeit not without fluctuations.

However, this dialogue was immediately halted as soon as a change toward an aggressive course and a return to the primacy of force in international relations to the detriment of negotiations and cooperation occurred in the West's general policy at the end of the 1970's. The imperialist powers began to reanimate power politics in the national liberation zone and to seek the frustration of arrangements that had been arrived at, within the framework of negotiations on a NIEO included. "Gunboat diplomacy is not outdated...", the American political scientist Irving Kristol, for example, claims. "It is just as essential for international order as a motorized police for internal order."\*\* Aggressive U.S. and NATO circles oppose any radical reforms in the channel of economic decolonization and are attempting to pursue in respect of the developing countries a policy of "divide and rule" for the purpose of frustrating the reorganization of international economic relations on a democratic basis.

This is reflected at the conceptual level of the NIEO program, whose demands, as is known, include states' right to choice of development path, condemnation of colonialism, apartheid and aggression and the retention of others' territory by force. Thus in the last 5 years all the forces of imperialism and its agents have undertaken armed provocations against such countries as Angola, Argentina, Afghanistan, Mozambique, Ethiopia, Benin, Libya, Iran, Nicaragua and Seychelles. South Africa rules in Namibia, relying on armed force. Britain employed it in the Falklands (Malvinas). French troops were landed in Zaire's insurgent Shaba Province and have influenced the course of

\* "Third World Conflict and International Security," Ed. by Ch. Bertram, London, 1982, p 2.

\*\* Quoted from Mahmood-i-Elani, "Bargaining for a New International Economic Order and Cohesion of the Group of 77," Ottawa, 1980, p 90.

events in Chad. The United States, Britain, the FRG, France and a number of other countries have lifted or relaxed many sanctions in respect of the racist Pretoria regime, supplying it with everything necessary through the agency of their transnational corporations. Finally, Israel not only continues to forcibly hold on to primordial Arab territory captured in 1967 but in the summer of 1982 perpetrated with U.S. support aggression against Lebanon. Britain has practically annexed the island of Diego Garcia, which it seized from Mauritius, and handed it over for use by the United States, which has created there a military base which is the biggest in the Indian Ocean.

Economic aggression is employed also. In its final documents the New Delhi conference of heads of state and government of the nonaligned countries unequivocally condemned the policy of trade sanctions being pursued by imperialism, blockades or other forms of coercion and blackmail as a means of political pressure and interference in the developing countries' internal affairs. Cuba, Nicaragua, Grenada, Argentina, Libya, Iran, Kampuchea, Angola, Ethiopia and others have been subjected to such blockades and sanctions in recent years. It was not fortuitous that the Seventh Nonaligned Conference connected this with the emergent countries' struggle for such a fundamental demand of the NIEO as each country's sovereignty over its economic resources. It is precisely against their use of this inalienable right that the machinery of economic pressure and provocations of imperialism has largely been directed, and not least for this reason the pace of the young states' nationalization of foreign property slowed down somewhat on the eve and at the outset of the 1980's.

Turning to the specific provisions of the NIEO, it may be noted that antidependence has caused the greatest harm to those which concern raw material trade, financial assistance and cooperation between the developing countries themselves.

As is known, the NIEO program proposed a normalization of the trade in raw material and the prices therefore by way of the conclusion of 18 interconnected international commercial agreements in respect of commodities covering three-fourths of the developing countries' raw material exports, while for financing the normalization of these markets it was planned to establish a "common fund". In addition, the raw material exporters unilaterally created approximately 30 "anticartels" in respect of individual commodities in the hope of repeating the OPEC experience.

However, these intentions have not been realized. The "common fund" was created only in a sum of \$750 million instead of the planned \$6 billion (with a reference, furthermore, to a "lack of resources," although it is well known how much of them is spent unproductively for military purposes). Half the Western countries have not signed the agreement thereon. Nor were the planned commodity agreements concluded in the majority of cases. There were commercial reasons for this. However, it is no secret that this was the case largely because the trade in raw material has come to be regarded in the West as a political-strategic sphere for the growing militarization on the eve and at the outset of the 1980's absorbed from 3 to 11 percent of the consumption of the 14 most important raw material commodities.

As a result the NATO countries preferred to the normalization of raw material markets the creation of "national strategic stockpiles," whose unilateral purchases and release regularly disorganized these markets, which harmed the raw material producers. As the journal THE ECONOMIST acknowledged, in December 1981 and January 1982 the U.S. Administration in two stages released from its stockpiles 5,360 tons of tin, by which it knocked down an attempt by Malaysia to increase its price on the commodity markets. Britain is stockpiling chromium, cobalt and aluminum on a substantial scale. France has resolved to have stockpiled by 1985 2-month supply of a number of metals, and Japan and the FRG are encouraging their stockpiling by their firms above the rational quotas. The record-holder here is again the United States, whose strategic stockpiles are based on the fighting of a 3-year war and cover a huge list of commodities from copper through opium and are put at \$7 billion, that is, more than the value of the entire original "common fund" of the NIEO, even for a partial contribution to which the United States "did not have" the money.\* It is clear that it is hardly possible to achieve stabilization of the raw material trade under the conditions of its subordination to the needs of militarization, and it is not fortuitous that the prices of raw material (excluding oil) are now at the lowest level for the past 40 years, while of the approximately 30 "anticartels," roughly 20 have survived.

The influence of military spending on official "development assistance" is even more ruinous. The NIEO target in terms of the volume thereof of 0.7 percent of GNP was fulfilled only by Holland, Denmark, Norway, France and Sweden. For the OECD countries as a whole, however, this proportion has been frozen at the 0.33-0.35 percent of GNP mark, while it is suggested to the developing countries that they seek the remaining resources from private sources: either from the banks (which has led to a colossal growth of indebtedness) or by permitting direct investments of the transnational corporations. As a result the proportion of official preferential assistance in the total net inflow of resources into the developing countries declined from 32 percent in 1970 to 23 percent in 1982, whereas that of bank credit and private capital investments increased from 39 to 51 percent and from 8 to 14 percent respectively. In other words, the militarization in the imperialist centers has indirectly paved the way for private capital on their economic periphery. Incidentally, under the conditions of the budget deficits and the shortage of resources in the money markets, which have been mobilized to cover them, militarization has also increased the cost of preferential interstate "development assistance".

Concerned by the deadlock in the negotiations on a NIEO, the emergent countries have in recent years begun to pay greater-than-usual attention to the development of mutual economic and scientific-technical cooperation--both as a method of mobilizing additional resources for development and as the material basis for the pursuit of their collective economic diplomacy. The NIEO program was supplemented in 1979 by a program of these countries' "collective reliance" on their own forces. However, the policy of "divide and rule" has arisen in the way of implementation of its provisions here also.

\* See THE ECONOMIST, 19 February 1983, pp 77-78.

On the one hand imperialism is attempting to create for itself dependable agents within the Group of 77 and the nonaligned movement framework, using for this purpose a number of countries dependent on it in the military-political respect. On the other, local and regional conflicts disrupting the unity of action of the young states are being kindled to the utmost. Thus the conflicts in the Western Sahara and the Horn of Africa have repeatedly paralyzed the actions of the OAU. The Iran-Iraq war has largely poisoned the atmosphere within OPEC, not to mention the fact that in the interests of its continuation both countries have begun to produce and sell their oil regardless of any quotas and at prices violating the discipline of the "anticartel," which, as a result, was forced to lower them in the spring of 1983.

We could also mention the disruption by a number of imperialist countries of the effect of a "general system of preferences" incorporated within the NIEO for the purpose of encouraging the developing countries' industrial exports to the markets of the developed countries. Adopted at the start of the 1970's, it was subsequently undermined by the above-mentioned "new protectionism" of the West, which was protecting its unprofitable, backward (particularly, as shown above, owing to the priority demand for the latest equipment on the part of military industry) sectors against the competition of the developing countries. Owing to the recalcitrance of the United States in determining its general position, the West is also sabotaging the "global negotiations" on NIEO problems. In view of the above-mentioned inflation-currency disorders, nor has a start been made on implementation of a reform of the international currency system envisaged by the NIEO. Nor did the Sixth UNCTAD Session produce any appreciable results. And all this after the adoption of the NIEO program by the UN General Assembly Sixth Special Session back in 1974 on the basis of consensus, that is, with the absence of objections thereto in principle on the part of the West's delegations. In other words, what we have is the same tactics of the frustration of arrangements already arrived at, as at the disarmament negotiations, and the destruction of the programs of cooperation for development purposes which had been created with such difficulty.

It is not surprising that the interconnection of detente and development and, conversely, antidetente and antidevelopment is becoming obvious both on an economic and a political level. It was not fortuitous that the New Delhi conference in its final documents came out against the arms race and the slide toward nuclear conflict from positions of solidarity with the forces opposing the local conflicts provoked by imperialism. Having condemned the squandering of tremendous human and material resources on the unproductive and wasteful arms race, it emphasized that development and progress may only be regulated in an atmosphere of peace, harmony and cooperation. It only remains to add to this that in this sphere, as in many others, the fundamental interests of the socialist and emergent countries basically coincide.

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## METHODOLOGY TO MEASURE COST TO THIRD WORLD OF 'NEOCOLONIAL EXPLOITATION'

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9, Sep 83 pp 47-59

[Article by N. Volkov: "The Scale of Neocolonial Exploitation of the Emergent States"]

[Text] The emergent states' advancement in the 1970's of the demand for the establishment of a new international economic order (NIEO) put on the agenda the question of the inequality of relations between the center and the periphery of the world capitalist economy and an estimate of these states' losses from neocolonial exploitation, without which the development of a concrete mechanism of the functioning of a NIEO is in many respects made more difficult. Study of this question is also essential because certain circles of the West and certain developing countries aspire to view international economic relations through the prism of a North-South division of the world, including the socialist states in the first. As observed at the 26th CPSU Congress, "the reorganization of international economic relations on a democratic footing and the principles of equality is historically natural. Much can and should be done here. But the question cannot be reduced, as is sometimes the case, merely to distinctions between the 'rich North' and the 'poor South'."

A quantitative and qualitative analysis of the scale of the emergent states' losses from neocolonial exploitation will thus reveal in greater relief the fundamentally different nature of the mutual relations of the socialist and developing countries and their cooperation and will contribute to a specification of the directions of the young states' struggle for economic independence.

### System of Indicators of the Developing Countries' Losses

Any attempt to calculate the developing countries' losses from neocolonial exploitation, whatever form it takes, presupposes ascertainment of the content of the key category of this analysis. And this category should be viewed, furthermore, not simply as some abstract results of international economic relations which have taken shape within the framework of the world capitalist economy but as a specific manifestation of the consequences for

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\* The article is published by way of formulation of the question.

the developing countries of the forms, principles and methods of their economic relations with the West. The precise fixation of the temporal parameters of these relations becomes an essential condition here.

Whereas three decades ago it was still possible to speak of the openly predatory nature of the exploitation of the periphery of the world capitalist economy, the political and economic changes in the mutual relations of the imperialist powers and colonies and semicolonies expressed in the collapse of the colonial system and the appearance in the world of a whole group of young independent states under the conditions of the rapid development of the internationalization of capitalist production and the sphere of circulation have placed many emergent countries in the position of the West's partner in transactions. And although the young states' place in such transactions is unequal, this does not repudiate the fact that the direct exploitation of these countries connected with extra-economic compulsion has been replaced by "normal" capitalist commerce. For this reason it is hardly legitimate from the methodological viewpoint to regard the losses caused by purely commercial relations between the said contracting parties as plunder of the developing countries inasmuch as, first, practically any deal accomplished within the framework of the world capitalist economy provides benefits (differing in scale and nature) for the parties thereto. While, second, commodities are exchanged on the world capitalist market in accordance with evolved international values, which in itself denies the nonequivalent nature of exchange.<sup>1</sup>

A situation where practically all its subjects can incur losses in this form or the other has objectively taken shape in the world capitalist economy in the postcolonial period. In other words, the losses of some simultaneously mean a gain for others, thereby performing the role of a kind of "in-built stabilizer". Otherwise a most important criterion of the efficiency of this economy--profit--would be removed and no commercial deal would have any meaning. Obviously, the comparative economic balance in the world capitalist economy is effected precisely thanks to the constant transfer of resources from some parts of it to others. The point is precisely that this transfer of resources largely has a strikingly expressed one-sided thrust.

The lack of a uniform methodological basis for calculations of the developing countries' losses in the process of their interaction with the industrially developed capitalist states has led to the emergence of the opinion that it is not possible to provide a reliable comprehensive quantitative estimate of such losses. There are, of course, certain difficulties here. However, having ascertained the nature of these difficulties, they may then be reduced to a uniform system and taken into consideration in the calculations of this loss indicator or the other. Undoubtedly, such consideration presupposes certain hypotheses in operations with statistical data, which is ultimately reflected in the overall summary estimate of the losses. The basic factors imparting an element of approximation to all calculations of losses may be reduced to the following.

The lack of a consolidated and interconnected system of indicators of neocolonial exploitation of the developing world encompassing if not all, then

at least the most important areas of the economic mutual relations of the two groups of countries cannot fail to give rise to doubts as to the reliability of the existing summary estimates of losses. These estimates are shaped, as a rule, basically from data on the outflow of profits into foreign private investments, the payment of loan interest, the nonconcurrence of the dynamics of the prices in foreign trade for industrial commodities exported by the developed capitalist countries and the products of the traditional exports of the young states and on the losses from the "brain drain" and payments for technology. At the same time, however, account is not taken of a large number of areas related to these indicators where the developing countries lose considerable resources. The desire to provide an accurate quantitative estimate of the losses frequently leads researchers to forget about the components of the mutual relations of the two groups of states which objectively do not lend themselves to a cost computation, but which are no less important indicators of the developing countries' losses.

Account is not usually taken, for example, of the losses connected with the former metropoles' conservation of the backward social structure of the colonies and semicolonies with its age-old traditions, attitude toward productive labor and so forth. Ultimately this is also inevitably reflected in the overall economic development of the emergent countries and, consequently, in the possibilities of their struggle for the establishment of equal international economic relations. Further, the losses are usually calculated on the basis of an analysis of some single aspect of the economic interaction of the West and the developing countries. However, the differing interpretations of the discrimination against the latter in this interaction lead to the appearance in the calculations of elements of subjectiveness, which is reflected in the summary estimate of the losses. To take just the example of the interpretation of nonequivalent exchange. Economic literature repeatedly adduces the calculations of A.A. Santalov, according to which in 1948-1952 the sum total of imperialism's plunder of 70 economically backward countries by way of nonequivalent exchange was put at more than \$16 billion annually. Proceeding from the discrepancy between the dynamics of the labor productivity and the dynamics of the foreign trade prices of the developed and developing countries (equal to 80-90 percent), V.M. Kollontay put the losses from nonequivalent exchange at \$14-16 billion. V.V. Rymalov and V.L. Tyagunenko reached approximately the same conclusion concerning the quantitative scale of the imperialist plunder of the peoples via foreign trade channels. At the same time, however, G. Rudenko, taking as a basis the data of a UN report, put the decline in the purchasing power of the national market of 36 colonial countries in the soil of nonequivalent exchange in 1948-1952 at only \$4 billion.<sup>2</sup>

However, later L.V. Stepanov concluded that the scale of the uncompensated removal of resources from the economically backward countries by way of nonequivalent exchange altogether did not lend itself to an accurate quantitative expression. From his viewpoint, "the secret of nonequivalent exchange... is revealed only theoretically," "no statistics are capable of ascertaining it" and for this reason all the developing countries' losses in the process of their foreign trade transactions with the developed capitalist countries altogether cannot be expressed by precise numerical indicators.<sup>3</sup>

This thought was expressed even more definitely by I.D. Ivanov, who, summing up the discussion concerning nonequivalent exchange at the start of the 1970's, termed calculations of the developing countries' losses based on the "price scissors" methodologically invalid.<sup>4</sup>

Thus even among experts recognizing the existence of nonequivalent exchange there is no uniform opinion on the precise amount of the developing countries' losses in this sphere, not to mention the existence of the opposite viewpoint, which recognizes the equivalent nature of foreign trade transactions between the developed capitalist and developing countries.

The activity in the young states of the ramified network of affiliates of the transnational corporations [TNC] also makes an analysis of the types of losses more difficult. Thus while exporting raw material on the same conditions as the host developing countries, these affiliates, to all appearances, also incur losses from price fluctuations, unfavorable trading conditions, abatements in business conditions on the world market and so forth. However, they compensate their losses thanks to both advantages from discrimination against the developing countries at the stage of the production and partial processing of the raw material and the marketing of the end product directly to consumers outside the host emergent states. Possessing vast experience and an excellent knowledge of the markets and with an incomparably more mobile system of investment assets, the TNC possess considerable opportunities for the creation of a mechanism which compensates their losses with interest (transfer prices, for example). But specific elements of this mechanism do not lend themselves to accurate statistical accounting.

The creation of a system of indicators of losses uniform for all the emergent states is also made more difficult in view of the profound socioeconomic differentiation of the developing world. This system should take account primarily of the degree to which foreign capital has enveloped the economy of the developing countries. It is no secret that the biggest losses are incurred by the group of young states whose economy is closely interwoven in many of its components with the functioning of world capital. For this reason they need their own system of indicators of losses reflecting the specific features of their relations in terms of capital with the imperialist states. The same approach is undoubtedly also necessary in respect of other groups of countries. However, movement by developing world group from top to bottom--from the highest to the lowest<sup>5</sup>--automatically reduces the possibility of obtaining operational statistical data. This is reflected in the summary estimate, in which data on the upper typological groups extrapolated to all the Asian, African and Latin American states are reflected.

The existing estimates of the developing countries' losses are produced, as a rule, proceeding from averaged data either for a year or a period. Computing losses for a single year is, perhaps, a highly unpromising business since the value obtained cannot embrace the spheres in which resources from the said countries flow out only after several years. It should be added to this that the cumulative effect of losses which have only manifested themselves in a given year, but which have been accumulating throughout the preceding period is

inevitably reflected in the magnitude of the losses for the year chosen by the researcher. For this reason calculating losses for a certain interval of time would appear more expedient. But even in this case the summary estimate, as has been shown, would not be free of errors, which compels the researcher to provide not an accurate value of the developing countries' losses but their "fork," which is often too big and unrealistic.<sup>6</sup>

Undoubtedly, this far from exhausts the objective difficulties which are encountered in attempts to calculate a summary estimate of the developing world's losses. However, this fact can hardly alter anything in the main conclusion--the possibility of obtaining only an approximate absolute value of the imperialist states' uncompensated removal of resources from the Asian, African and Latin American states. It does not follow from this that attempts at a systemic and comprehensive collation of the developing countries' losses are doomed to failure. The whole point being the extent to which this collation corresponds to the actual present-day relations in the world capitalist economy.

Taking, however, as the system-forming indication of neocolonial exploitation of the emergent states the functioning of forms of capital in the world capitalist economy, it is easy to distinguish in the sum total of indicators of the developing countries' losses several basic blocks reflecting the continuity and direct influence of these forms on the underdeveloped economy: "block I"--losses as a result of exports of capital from the imperialist states to the developing countries; "block II"--losses in view of the developing countries' scientific-technical dependence on the imperialist states; "block III"--losses as a consequence of the existing discriminatory practice in the foreign trade sphere; "block IV"--losses owing to the emigration of highly skilled specialists from the emergent states; and "block V"--losses not connected with the movement of functional capital forms--monetary, production, commodity.

This grouping of losses precludes the possibility of their repeat computation since in reality all forms of capital in their movement are closely interconnected with one another, which complicates the separation of basic indicators for operations with respect to an analysis of the developing countries' net losses.

#### Indicators of the Developing Countries' Losses

##### Block I--losses as a result of:

the outflow of profits for foreign investments. However, the volume of this outflow recorded by statistics still does not provide the actual magnitude of the developing countries' losses since it does not take account of the part which is attributed to the TNC by way of use of the monopoly practice of intrafirm price-forming and the mechanism of concealing profits. The incompleteness and insufficiency of the data and also the TNC's maintenance of "commercial secrecy" make extremely difficult a calculation of the host countries' losses from the transfer of profits, and for this reason any estimate of the developing countries' summary losses from the export of TNC profits may be only approximate, and it should be treated with caution and many reservations;

the developing countries' expenditure of a considerable proportion of the "aid" granted them on the purchase of commodities at excessive prices in the donor-states;

changes by the TNC in the methods of investing in the developing states. Thus currently instead of the direct investment of capital in their affiliates, the Western monopolies are increasingly often granting them loans, and for this reason the latter are transferring to their mother companies comparatively smaller sums of profit and increasingly paying them high interest on the loans;

a deterioration in the conditions for extending credit to the developing countries in the private capital market;

private individuals from the developing countries placing deposits in banks of the imperialist states. In this case the banks acquire an opportunity to derive additional profit thanks to the difference in proceeds from transactions with the depositors' currency and the payment to them of a fixed rate of interest on the deposits;

the economically unwarranted exemption of foreign enterprises from the payment of taxes for a certain period of time; and

the TNC's use of the cartel mechanism in its different versions with respect to the economically backward countries and the creation of consortia for the purpose of raising the credit interest rate and forming a bloc of Western companies to impose on the client a price concerted in advance plus the services of a certain contractor.

#### Block II--losses as a result of:

the TNC's overstatement of prices for the technology and attendant equipment imported by the developing countries;

international business' capitalization of knowhow;

the TNC's establishment of monopoly prices on brands;

the TNC's overstatement of the license remuneration rate; and

the policy pursued by the international monopolies in the developing countries of limiting or completely banning the license holders' export operations.

#### Block III--losses as a result of:

a deterioration in the emergent states' trading conditions;

the policy pursued by the imperialist states of tariff restrictions with respect to commodities imported from economically backward countries;

nontariff barriers created by the developed capitalist countries in the way of exports from the developing states; and

the use of monopoly practice in the sphere of the transportation of commodities from the emergent countries.

Block IV--losses as a result of:

the emigration of specialists from the developing countries;

the system of taxation of skilled specialists who have emigrated from emergent states applied in the West; and

the granting of tax privileges to foreign specialists sent to work in Asian, African and Latin American states and also from their exorbitantly excessive salary rates.

Block V--losses as a result of:

depreciation of the developing countries' currency reserves as a consequence of the devaluation of the currencies of the leading capitalist powers;

the young states' overpayment for arms supplies from the West;

payment of compensation for the TNC's nationalized enterprises in amounts overstated by them; and

the practice of "invoicing in overstated prices" and foreign currency machinations.

#### Estimation of the Developing Countries' Losses from Neocolonial Exploitation

Before embarking on an approximate estimation of the developing countries' losses from neocolonial exploitation, it must be noted that not all the indicators adduced above lend themselves to a quantitative computation. Some of them represent a qualitative characterization of imperialism's exploitation of the emergent states and in view of this cannot always be expressed in a value form. For the whole number of quantitative indicators, on the other hand, there are highly incomplete statistics, which prevents us obtaining a precise overall numerical value of the losses. We have in such cases therefore to confine ourselves to certain examples, recorded by statistics, of the forms of exploitation of the developing world. Of course, by taking as a basis individual examples or the sum total thereof it is possible to attempt to extrapolate individual countries' losses to all the emergent states, however, the final result obtained will hardly be of any practical meaning: the deviation from reality would be too great.

With regard for all this it is possible to propose the following estimates of the losses per group of indicators.

"Block I"--losses as a result of the export of capital from the Western states to the developing countries.

1. According to UNCTAD Secretariat data, in the period 1960-1977 the TNC exported from the developing countries profits totaling \$124.2 billion, and the 1970's accounted for the bulk of them, moreover--\$72.2 billion (or roughly

\$9 billion a year)--which was 1.8 times in excess of the inflow of direct foreign capital investment.<sup>7</sup> It should be borne in mind here that the profits are exported, as a rule, in foreign currency, which directly weakens the young states' currency-finance position in the world capitalist economy.

However, the actual amount of profit exported by the TNC is far higher than declared officially. Active use of the "transfer prices" mechanism enables them to transfer profit, which is sheltered from taxation, in a convertible currency. According to calculations of bourgeois economists themselves, the developing countries' losses from the TNC manipulating with "transfer prices" constituted in 1965-1975 some \$175 billion or roughly \$16 billion a year. In aggregate with the officially declared outflow of profits in the 1970's the developing countries' annual losses from the monopolies' export of profits then constitutes \$25 billion.

2. The emergent states also incur big losses because a considerable proportion of the "aid" granted them is of a "linked"<sup>8</sup> nature and is spent on the purchase of commodities at excessive prices. According to available estimates, the real amount of Western "aid," given its use in the markets of individual capitalist creditor-countries, declined by an average of 20 percent in the first development decade.<sup>9</sup> Unfortunately, we do not have such an estimate for the 1970's. But if it is assumed that the trend remained unchanged, the developing countries' average annual losses in terms of this indicator in the second development decade constituted roughly \$2.6 billion.<sup>10</sup>

3. The damage caused by the TNC's change in the mechanism of investing in the developing countries does not lend itself to a quantitative computation since it essentially represents the hidden consequences of "transfer investing." The forms and methods of the intracorporation movement of financial resources are varied by the monopolies depending on the economic and political conditions which have evolved in the host country, the tax legislation which exists here, the possibilities available to the governments of putting effective pressure on the TNC affiliates and so forth. Consistently examining and recording this mechanism by available statistical methods does not, however, appear possible.

4. The Asian, African and Latin American states' losses owing to a deterioration for them in the conditions of the granting of credit on the international capital market may be estimated with sufficient reliability given the assistance of the difference in spreads<sup>11</sup> on the Eurocredit market between debtors from the capitalistically developed and developing countries. Taking the data of OECD and World Bank experts as a basis, it is possible to estimate these losses for the last 3 years of the past decade at \$365 million (see Table 1). This removal of financial resources from debtors from the developing countries represents the result of direct discrimination against them at the time of the conclusion of credit transactions. True, those granting the loans explain the granting of credit to economically backward states on stricter terms than for the developed capitalist countries by the higher-than-usual degree of risk, although no one has ever anywhere specifically measured this degree of risk. Furthermore, what higher-than-usual degree of risk can it be a question of if the volume of Eurocredits granted the developing countries grows from year to year and the debtors themselves are, in the main, punctual payers.

Table 1. Developing Countries' Losses From Loans on the Eurocredit Market

	<u>1977</u>	<u>1978</u>	<u>1979</u>
Loans on the Eurocredit market (\$, billions)	20.27	37.9	38.7
Difference in spreads (%)	0.6	0.41	0.23
Losses (\$, billions)	0.121	0.155	0.089

Calculated from "World Bank. Annual Report," 1979, p 148; FINANCIAL MARKET TRENDS No 8, 1979, pp 3-4; No 13, 1980, p 4.

5. The emergent states also incur hidden losses as a result of Western banks' use of the difference in the interest on deposits of private individuals from the developing countries (5 percent), which constituted \$70 billion in 1978, and in the average rate of interest on loan transactions (8 percent) in the private market. Thus a surplus of 3 percent or \$2.1 billion constituted additional bank profit from transactions with the sums of capital of private investors from the developing states.

Thus the developing states, which lack their own efficient banking mechanism (the lack of experience of the use of assets and the servicing of deposits, the inadequate provision with skilled bank employee personnel, the impossibility of confronting the leading capitalist banks' monopoly in the credit sphere and so forth are reflected), are subjected to manifest discrimination on the part of the financial establishments of the West.

6 and 7. It is hardly possible in practice to estimate quantitatively and with sufficient reliability the young states' losses in terms of these indicators in view of the incompleteness and fragmentary nature of the statistical data. Therefore we can only construct a guess as to what, for example, the average value (in excess of the economically permissible norm) of the lengths of time of the TNC affiliates' exemption from the payment of taxes in the developing countries is or the latter's overall losses from the monopolies' implementation of the policy of their bloc-forming in the markets. Individual examples undoubtedly cannot serve as a basis for an aggregate estimation of losses since each transaction frequently has its own specific character and singularities of restrictive conditions characteristic of it alone.<sup>12</sup> Despite this, the fact of TNC discrimination against the young states from the use in respect of them of restrictive business practices exists since such actions in the monopolies' base countries would run counter to the articles of antitrust legislation in the developed capitalist countries.

Block II--losses as a result of the developing countries' scientific-technical dependence on the imperialist states.

Use of an UNCTAD Secretariat estimate, according to which the developing countries' net losses at the time of their purchase of technology from the TNC constituted at the end of the 1970's some \$20-\$40 billion,<sup>13</sup> would seem most expedient in this case. In all probability the upper limit of the economically

backward states' overpayment in this sphere is somewhat overstated. Given the existence of a modern mechanism of control on the part of their governments of TNC activity (even with regard for its imperfection), the opportunities which states and local businessmen have acquired for maneuvering among suppliers competing with one another and so forth, the ratio of the sum total of payments for technology at the prices determined in the contracts (\$10 billion) to the sum total of actual payments is hardly 1:4. In our opinion, the lower limit of the young states' overpayment for technological innovation--\$20 billion--which we will take for the entire sum of their losses in terms of the block in question, appears more realistic.

Block III--losses as a consequence of the existing discriminatory practice in the foreign trade sphere.

1. Given the overall upward trend of demand for raw material in the mid-1970's, the developing countries which import oil continued to incur huge losses from the deterioration in trading conditions. Throughout 1970-1978 the decline in the purchasing power of their exports constituted 9.1 percent on average or \$9.1 billion a year. Altogether in this period the developing countries' aggregate losses in terms of this indicator constituted \$7.3 billion (see Table 2). However, in view of the fact that in the indicators of the developing countries' losses from neocolonial exploitation which we have proposed data for the latter half of the 1970's predominates in all five blocks, it would be more advisable to operate with an averaged estimate of the decline in the purchasing power of their exports in the period 1974-1978, which is the equivalent of \$12.89 billion.

Table 2. Developing Countries' Losses From the Deterioration in Trading Conditions (1970 = 100)

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>
Developing countries' exports (\$, billions)*	38.06	45.39	66.54	94.18	92.17	112.49	132.66	145.82
Decline in purchasing power of the developing countries' exports (%)	7	7	4	7	13	12	9	14
Losses (\$, billions)	2.66	3.18	2.66	6.59	11.98	13.5	11.94	20.41

\*Excluding the oil-exporting countries.

Calculated from "Handbook of International Trade and Development Statistics," New York, 1979, pp 22, 62.

2 and 3. The insufficiency of statistical data prevents us precisely calculating the developing countries' losses from the policy of tariff restrictions pursued by the imperialist states in respect of their exports. However, if we take as the reference point the lower limit of the data on the proportion of world trade affected by the import restrictions imposed by the developed capitalist states since 1974--\$30 billion--and assume that the developing countries which are nonexporters of oil are affected by a

proportion of these restrictions corresponding to their share of world trade--14 percent--we obtain an approximate value of the Asian, African and Latin American countries' losses in terms of this indicator, which is \$4.2 billion. With regard, however, for the indicator of the nontariff barriers put by the imperialist states in the way of exports from the developing countries, this sum rises to \$10.2 billion a year. However, we cannot lose sight of the fact that with the imperialist states' lowering of official tariffs, which within the framework of multilateral trade negotiations (the "Tokyo Round") constituted for the emergent countries' industrial and agricultural export commodities 25 and 7 percent respectively,<sup>14</sup> there is an increase in the role of concealed, nontariff forms of import regulation. For this reason, to all appearances, their significance will increase both with the increase in the developing countries' exports and the growth of their commodities' competitiveness in the markets of the developed capitalist states.

4. The developing countries incur big annual currency losses owing to the establishment of higher tariffs and insurance dues on the maritime routes servicing their exports and imports. As can be seen from Table 3, the young states' aggregate chartering expenditure in the 1970's remained invariably high, while for the developed capitalist states a trend toward a lowering thereof can clearly be traced.

Table 3. Aggregate Chartering Expenditure in World Trade, Percent of Cost of Imports\*

	<u>1970</u>	<u>1975</u>	<u>1977</u>	<u>1978</u>
Capitalistically developed states	7.12	6.02	5.52	5.22
Asia	8.93	8.26	7.76	7.68
Africa	13.17	14.31	12.78	13.62
Near East	7.54	7.43	7.97	7.91

\* For Asia, Africa and the Near East excluding oil exporters.

Source: UN UNCTAD. Document TD/B/C. 4/198, 22 May 1980, p 36.

Discrimination against the developing countries is also pursued by way of refusing these states' shipowners admission to maritime conferences. Quantitatively the sum of abuses on the part of West European countries alone in the sphere of transportation stipulated in the UN code of conduct for maritime conferences is put at 400 million pounds sterling or \$960 million<sup>15</sup> annually. If it is considered that the shipments of analogous American and Japanese companies as a whole account for roughly the same tonnage of cargo from the developing countries, this sum should as a minimum be doubled and constitute \$1.9 billion.

Block IV--losses as a result of the emigration of highly skilled specialists.

The direct economic damage done to the emergent countries by the "brain drain" is enormous. According to a UNCTAD Secretariat estimate, the losses connected with the emigration of specialists from the developing states to just three

countries--the United States, Canada and Britain--constituted from 1961 through 1972 some \$46 billion or approximately \$3.8 billion a year.<sup>16</sup> This sum is comparable to the amount of "aid" granted the developing countries by the West in the same period.

The net gain for the United States per immigrant scholar of a humanities profile at the start of the 1970's amounted to almost \$230,000, per scientist dealing with the natural sciences \$235,000, per engineer \$253,000 and per physician \$646,000.<sup>17</sup> Altogether the United States saved, according to the calculations of R. Titmus, professor at the London School of Economics, in the training of personnel alone more than \$5 billion, acquiring in the period 1969 through 1977 some 150,000 physicians, scientists and engineers trained in other states. Prof K. West from Oklahoma University's Medical School believes that the United States would have to have built 12 large-scale modern medical colleges to train the number of physicians which the United States entices annually from the emergent countries.

The former metropoles also derive considerable benefits from attracting specialists from the developing world. Thus from 1968 through 1974 Sri Lanka's losses from the "brain drain" to Britain increased by \$40 million. At the same time the overall increase in the latter's income thanks to the influx of skilled immigrants from this country constituted \$92 million, although total British "development aid" to Sri Lanka equaled only \$57 million.<sup>18</sup>

The system of taxation of skilled specialists in the host developed capitalist states constitutes a particular item of the developing countries' losses from the "b. in drain". It is difficult to determine the precise sum of these losses in view of the lack of statistical data. However, proceeding from the calculations of MIT professor (Dzh. Bkhagvati), an approximate estimate thereof may be given. He believes that if roughly one-third or a little more of the taxes levied by the developed countries on the skilled immigrants from the developing countries were shared with the latter, the sum obtained could constitute roughly \$500 million annually.<sup>19</sup> Consequently, the imperialist states' net gain in terms of this item amounts to approximately \$1.5 billion annually.

On the other hand, the governments of many developing states grant substantial tax privileges to personnel from the developed countries sent there to work either within the technical "assistance" framework or in connection with the activity of TNC daughter enterprises. According to our calculations, these tax privileges can be put at approximately \$250-\$300 million. Thus the developing countries' overall annual losses from the existing system of taxation of the skilled specialists in both groups of states constitute roughly \$1.75-1.8 billion.

Collating the results obtained, it may be concluded that the emergent states' losses in terms of this block of indicators by the mid-1970's constituted approximately \$5 billion a year.

Block V--the developing countries' losses not connected with the movement of capital forms.

1. The emergent states incur the most significant losses in this sphere as a consequence of the depreciation of their currency reserves. The devaluation of currencies and the subsequent "leveling" of their exchange rates in the leading capitalist countries are the cause of this. Thus in 1967 the developing countries which are a part of the sterling zone lost \$1 billion following the devaluation of the pound. They were hit even more palpably by the twofold devaluation of the dollar--the currency in which the overwhelming majority of emergent states forms its reserve assets. According to our calculations, which are based on the data of the Soviet economist S.A. Bylinsky,<sup>20</sup> their value in the period 1971-1973 and also their purchasing power in respect of imports fell by an average of \$3.1 billion. To this should be added \$580 million lost by the developing countries at the end of the 1970's in the course of the "leveling" of the currency exchange rates performed by the Western countries and also \$5 billion--the sum total of the growth of their indebtedness owing to the automatic increase in the part of the debt to be paid off in the currencies whose exchange rate in relation to the dollar increased sharply in the period 1971-1973.<sup>21</sup> Thus the Asian, African and Latin American states' overall losses in terms of this indicator constituted \$9.7 billion.

2. It is impossible to estimate precisely the developing countries' losses as a result of overpayment for arms supplies given the lack of verified data. However, such overpayments (for the most part at the time of the conclusion of deals with private arms suppliers) undoubtedly occur. It is reasonable to assume that the private arms market makes highly subtle use of the monopoly price-forming mechanism. Account should also be taken here of the fact that practically any deal involving the sale of weapons is shrouded in the form of "linked" supplies, which in itself creates grounds for overstating prices.

Of course, it cannot be determined precisely in respect of what proportion of the developing countries' total purchases of military goods and services (\$7.5 billion in 1977) there are overpayments. However, if it is considered that the private market accounts for roughly one-half of arms sales and if we assume an average overstatement of the prices therefor of the order of 10 percent (the customary practice in "linked" supplies), we obtain an approximate sum total of the developing countries' overpayment for military equipment and services in 1977 of \$375 million. But, we repeat, this is a rough and approximate value, and there could be both upward and downward deviations from it. For this reason we will take it as the average for the period of the latter half of the 1970's.

3. The process of nationalization of TNC property in the emergent states which became widespread in the last two decades confronted their governments with the problem of the payment of compensation for the nationalized enterprises. Essentially, as a study on the state sector in Africa observed, "this is a kind of compromise and enforced payment by independent states to the monopolies for the right of private control of the economy and the redistribution of income."<sup>22</sup> The TNC demand here, as a rule, reimbursement of the full sale price of the enterprise, that is, reimbursement of its

original cost plus reinvested profit and... unrealized profit (!) through expiry of the concession. Unfortunately, owing to the lack of summary estimates and systematized data, we have to confine ourselves merely to the establishment of the fact of TNC exaggeration of the amount of compensation, which entails considerable losses for the developing countries.

4. The sum total of the young states' losses connected with the practice of "invoicing at overstated prices" and other foreign currency manipulations cannot, naturally, be computed: a permanent statistical record of such forms of "activity" is not kept. The "invoicing at overstated prices" mechanism is not complex. Usually the well-to-do stratum in the developing countries consciously aspires to pay excessive prices for imported commodities in order under conditions of control over transactions involving foreign currency to get it out of the country. The supplier and importer then go halves on the income and transfer it to foreign banks. It is very difficult to block off such foreign currency seepages since the purchaser presents the tax department with the dispatch note and invoice, which contains detailed data on the type, quantity and cost of the commodity with a designation of all related expenditure. According to certain calculations, for example, Nigeria lost approximately \$1.5 billion in 1977/78 fiscal year owing to these and other foreign currency machinations.

To sum up the results obtained in respect of all five blocks of indicators, it turns out that the developing countries' losses from neocolonial exploitation constitute approximately \$90 billion annually. Taking account of the largely conditional nature of the calculations and the use of minimal estimates, it has to be acknowledged that the magnitude of these losses is huge: it is equal to 30.4 percent of the developing countries' exports in 1978, and excluding the OPEC states, even higher--61.5 percent. This is why the emergent countries, struggle for the establishment of a new international economic order demands, apart from all else, the concentration of attention on the areas of their mutual relations with the West which are holding back the rate of these countries' economic development and creating an artificial shortage of resources for financing national development programs. The socialist states support the developing countries' just demands for a reorganization of international economic relations and the elimination in them of all elements of diktat and discrimination.

#### FOOTNOTES

1. Of course, it cannot be denied that at the time of the practical realization of transactions the West uses, where possible, forms which lie beyond the bounds of "normal" commerce. However, these instances cannot be regarded as an element immanently inherent in the present-day mechanism of the foreign economic relations of the two groups of states. In addition, these forms do not lend themselves to precise and comprehensive statistical accounting since they are varied by the TNC from country to country depending on the strength of their positions and general influence on the socioeconomic structure of the economically backward countries.

2. See A.A. Santalov, "The Imperialist Struggle for Sources of Raw Material," Moscow, 1954, p 56; V. Kollontay, "The Imperialists' Profit from Exploitation of the Underdeveloped Countries" (MEMO No 6, 1959, p 48); V.V. Rymalov, V.L. Tyagunenko, "The Underdeveloped Countries in the World Capitalist Economy," Moscow, 1961, p 211; G. Rudenko, "Causes of the Economic Backwardness of the Oriental Peoples" (MEMO No 7, 1959, p 71).
3. L.V. Stepanov, "The Problem of Economic Independence," Moscow, 1965, pp 37, 46.
4. I.D. Ivanov, "Present-Day Monopolies and Competition," Moscow, 1980, p 161. Nonetheless, some experts continue to use the "price scissors" as the methodological basis for calculating the developing countries' losses (see for example, R.S. Ovinnikov, "Supermonopolies--New Tool of Imperialism," Moscow, 1978, p 125).
5. This article employs the typology of the developing countries proposed by the Soviet expert V.L. Sheynis (see AZIYA I AFRIKA SEGODNYA No 1, 1980, p 31).
6. In the well-known report of the Club of Rome prepared under the leadership of J. Tinbergen, for example, the developing countries' annual losses at the start of the 1970's are put at \$50-100 million (see "Reshaping the International Order. A Report to the Club of Rome," New York, 1976, p 16). True, more specific estimates of the imperialist exploitation of the developing countries exist also. Thus according to the data of Prof H. Schilling, who headed a group on neocolonialism under the auspices of the GDR Academy of Sciences, the latter's losses constituted \$111 billion in the period 1960-1970 (See Hartmut Schilling, "Colonial Downfall and Neocolonialism," Berlin, 1979, p 98). (D. Zhazayri), former president of the plenary committee created by the United Nations within the North-South dialogue framework, however, put the developing countries' losses in 1976 merely thanks to the difference between incoming capital and its outflow at \$30 billion (see L'HUMANITE 13 January 1979, p 2).
7. "Handbook of International Trade and Development Statistics, 1972," 1972, p 22; UN UNCTAD. Document TD/B/C. 3/158, 14 May 1979, p 7.
8. The "linked" nature of "aid" presupposes obligatory purchases by the developing countries of commodities and services in states of the West, which extend credit to these countries on preferential terms.
9. "Partners in Development. Report of the Commission of International Development". Chairman Lester Pearson. New York, 1969, p 189.
10. Calculated from "Development Cooperation, OECD, 1982 Review," Paris, 1982, p 177.
11. Spread means deviation from the average interbank interest rate in the Eurocredit market calculated for credit to the tune of \$50 million and more.

12. For more detail see I.D. Ivanov, "Present-Day Monopolies and Competition," pp 173-178.
13. UN UNCTAD. Document TD/B/779, 27 February 1980, p 2.
14. "World Development Report," Washington, 1980, p 21.
15. THE ECONOMIST 19 July 1975, p 78.
16. UN UNCTAD. Document TD/239, 29 January 1979, p 15.
17. V. Ye. Gankovskiy, "The Developing Countries: Topical Problems of the Development of Foreign Economic Relations," Moscow, 1978, p 106.
18. UN UNCTAD. Document TD/B/C. 6/26, p 8.
19. UN UNCTAD. Document TD/239, p 12.
20. See "International Economic Relations of the Developing Countries. The Developing States' Foreign Economic Relations With Capitalist Countries," ed. I.O. Farizov, Moscow, 1980, pp 83-84.
21. Ibid., p 84.
22. "The State Sector in African Countries," Moscow, 1976, p 37.

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## CURRENT FRENCH POLITICAL SCENE, MAJORITY'S PROBLEMS REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 83, pp 84-92

[Article by A. Kudryavtsev: France: Realities of Domestic Political Life"]

[Text] The second anniversary of the term in office of the coalition of parties of the left passed unnoticed. The "recovery plan" was activated in April 1983. It would be no exaggeration to say that it is a long time since France has known such a strict stabilization program. The social atmosphere has heated up, and the struggle among various political forces has intensified.

### The Circle Formed

As is known, the new government which took office in 1981 found the country's economy in a state of severe crisis, which was the result of the long leadership of forces of the right. If we look attentively at the 2-year history of the economic policy, the present development of events does not appear that unexpected. Throughout the first year the achievement of a high growth rate, which in 1982 and 1983 was, according to the outlines of the so-called "interim plan," to have constituted no less than 3 percent, was proclaimed the central task. Implementation of the basic reforms had been completed at this stage. Having increased the amounts of social benefits and the minimum wage, the government was counting on increasing the dynamism of the national economy, halting the rise in unemployment and obtaining resources for financing expenditure connected with socioeconomic transformations and originally covered by an increase in state indebtedness.

Despite the comparatively modest scale of the stimulation of demand, there was a sharp increase in the gap between it and its principal trading partners in the inflation rate. In June 1982 the government announced the transition to the "second phase" of the policy. Behind the formula, which was intended to emphasize the continuity of the policy, there peered through the revision of priorities which had begun. To the forefront was advanced the task of

curbing inflation by way of a temporary freeze on and the subsequent control of the movement of prices and wages and a reduction in the budget deficit and spending on social insurance. It was at that time that implementation of the "costly" reforms was removed from the agenda.

The economic results of 1982 testified that many of the set goals had not been achieved. The increase in the gross domestic product constituted 1.5 percent, that is, only half of that planned, and failed to ensure a breakthrough in the dynamics of capital investments, which continued to decline (down 1 percent). The unemployment growth rate was slowed, but the rise in consumer prices remained at a high level (9.7 percent following, 14.3 percent in 1981). The balance of payments deficit more than tripled, having reached Fr81 billion,\* which entailed a reduction in currency reserves and a rapid swelling of the foreign debt. At the start of 1983 the size thereof was put at Fr300-500 billion. The dangerous prospect of turning to international loans exclusively to pay off debts accumulated earlier was outlined increasingly distinctly.

In March 1983 the country's leadership was confronted in full force by the question of choice of the direction of further action. At some stage opinions divided. Among those close to the president were supporters of the immediate use of the entire arsenal of means, including even withdrawal of the franc from the European currency system to protect the national economy from the serious consequences of the world capitalist crisis, to redouble efforts on the modernization of the economy and on this basis solve the exacerbated problems of external settlements. However, another path was preferred.

In the wake of the third devaluation of the franc in the last 2 years there appeared the "Delors Plan," thus named after the minister of economy, finance and budget, who was responsible for its development. Proceeding from the classical prescriptions of deflationary policy, the plan is aimed at leveling the trading balance in 1984 and limiting the rate of growth of prices to 5 percent. The envisaged increase in direct and indirect taxation and municipal service tariffs and forced public borrowing will cut domestic, primarily consumer, demand by 2 percent of the gross domestic product, while the resources spent on the preceding stimulation of business activeness did not exceed 1 percent of the gross domestic product.

It is perfectly obvious that the "Delors Plan" means a sharp break with the logic which was at the basis of the economic policy of the forces of the left at the time of their assumption of office. Having taken the trouble to compare the present "recovery program" with the measures implemented in 1976 by the R. Barre government, the newspaper LE MATIN, which is close to the Socialist Party, discovered in them features of "striking similarity".\*\*

\* CONJONCTURE, Paribas, March 1983, pp 37, 36.

\*\* See LE MATIN, 21 April 1983.

The official explanations emphasize two factors which prompted the recourse to strict economy measures. The first was underestimation of the depth and duration of the present crisis of the capitalist economy. In stimulating domestic demand in 1981 the government had proceeded from the fact that the lowest point of the recession had passed and that, consequently, France's negligible outpacing of the "timetable" of international business conditions was not attended by undue risk. Yet the conservative economic policy of the main imperialist states, primarily the United States, continued to exert a depressing influence on the world market, where over one-fourth of French output is sold. In 1982 the volume of exports declined 2 percent. According to calculations of the journal L'EXPANSION, the different directions of the movement of domestic and international demand are responsible for roughly half the increased balance of trade deficit. The remainder was completed by the unchecked rise in the dollar's exchange rate, which is shaking the equilibrium of France's international settlements.

The second factor was underestimation of the possibilities of national production. In the 1970's the protracted stagnation of industrial capital investments and the unduly narrow intrasectorial specialization, which ran counter to the mainline trends of the international division of labor, weakened the structural competitiveness of the French economy. Bottlenecks and voids in the industrial structure, which had for a long time been concealed by the low growth rate, were revealed together with the first signs of revived demand. The domestic market began to be literally inundated with foreign goods, whose local production proved either insufficiently developed or simply to have been wound down. In 1982 the reduction in the volume of the industrial end product (down 0.8 percent) was accompanied by an increase in imports (up 3.6 percent). In other words, a considerable proportion of the stimulating effect which the increased demand was to have exerted on the dynamics of production and investment was actually canceled out.

References to the "belated detection" of the world capitalist crisis paint a far from complete picture of the reproduction contradictions. If the government's policy had amounted merely to a stimulation of demand entirely within the channel of the usual recommendations of Keynesianism, the results to which it led would have been perhaps fatal. However, initially it was not so much the policy as the strategy of structural reforms which imparted original features to the government's course. There is no doubt that the reforms were implemented under the constant pressure of forces within the country and outside which were hostile to them. At the same time in what was the most important thing determining the fate of the course--the rate and nature of the settling into the economic fabric of the new instruments of regulation--the words of the leadership, which until recently had often referred to the need for a transition to a "new logic of growth," diverged from its deeds.

The state sector, which had been extended by nationalization, failed to accomplish the task with which it had been entrusted--serving as a kind of "strike force" of economic growth. From the very outset the communists, and certain Socialist Party figures also, warned that a partial change in the form of ownership was an important, but insufficient step and that completing the reform of nationalization would require the reorganization of the very

principles of the functioning of state enterprises. The content of the first contracts, which came to be concluded with the administration only at the start of 1983, however, showed that many of them had been drawn up on the basis of the old criteria and with negligible changes project into the future decisions adopted earlier.

The imposing deficits of the recently nationalized companies unexpectedly revealed that their industrial base had been seriously weakened. At the same time, however, the strain in the sphere of government finances prevented full satisfaction of the nationalized enterprises' need for monetary capital.\* In spite of original intentions, the activity of the banks which were transferred to state ownership has not been reoriented toward the preferential and selective extension of credit for industrial investments. "One year after the nationalization of practically the entire banking system the clashes between the disciples of change and the defenders of the established order continue," the newspaper LE MATIN caustically observed, "...while the hopes connected with the reform thereof are evaporating."\*\* Thus the possibilities created by nationalization have remained unused to a considerable extent.

The attempts to create a special model of industrial development distinct from the mechanism of private-monopoly accumulation have been crowned with results that have been more than modest. The purposeful redistribution of financial resources within the framework of sectorial plans and contracts concluded with the firms was cited as a lever of the reindustrialization of the economy and its departure from narrow international specialization for the fuller satisfaction of domestic requirements thanks to national production. Programs of the accelerated development of a number of the latest technology sectors were drawn up in accordance with these goals. Absolute priority was given electronics, for whose needs it was planned to allocate approximately Fr140 billion in order to cut down the considerable lag behind the United States and Japan in this key sector. In ferrous metallurgy, ship building, base-stock chemistry and machine-tool building the "exotic diversification" of the companies was eliminated by way of the reallocation of production capacity, and the foundations of rational intrasectorial specialization were laid around the "poles of growth" which had been created.

That the coming into being of the new model of industrial development oriented not toward the speediest extraction of the maximum profit but the achievement of a long-term macroeconomic effect encountered the resistance of business circles was of little surprise. It is more difficult to understand the sluggishness of the administration in situations where a question whose logic will prevail was posed as moot. In base-stock chemistry, for example, implementation of the plan for modernization, which was outlined back in mid-1982, was paralyzed for many months by the management of the Elf-Aquitaine company, in whose capital, incidentally, state participation predominates.

\* The leadership of the nationalized industrial companies, whose losses in 1982 were in excess of Fr15 billion, requested approximately Fr50 billion in budget subsidies for development needs in 1983-1985. The government assumed financial obligations only within the confines of 1983, promising that the companies would receive Fr20 billion, including only Fr12.5 billion in budget subsidies, the rest in the form of loans.

\*\* LE MATIN, 11 April 1983.

While the highest spheres were pondering whether the use of their power was merited, the delay in the scheduled investments resulted in the accelerated penetration of the domestic market by foreign chemical products.

The lack of an integral view of the structural reorganization of the economy has also been reflected negatively in France's quest for a more secure place in the international division of labor. The newspaper LE MONDE once observed that "the socialists' industrial policy is still at the general ideas stage."\* Without clearly defined priorities and specific obligations on the part of the employers the state's transfer of large sums to the industrial firms differs little from the old logic of supporting capitalist accumulation. Such a policy, which has nowhere secured the conditions for the emergence from economic difficulties, has rightly been evaluated by the democratic forces as "gifts for the employers".

The experience of other capitalist countries which, like France, are extensively involved in the international capitalist division of labor has demonstrated graphically that the expansion of domestic demand has not prompted the major firms, which are accustomed to gauge their strategy by world market trends, to invest in national production. They have used the financial benefits obtained from the state to acquire shares and affiliates abroad. Having supported the slogan for the conquest of the domestic market, the government took account, as it were, of this negative experience in order to ensure that the increase in consumer demand effectively contribute to an upturn in the national economy.

However, the partners immediately discerned in France's actions a dangerous infringement of their own interests. Here are just a few examples of the actions with which international industrial-finance circles are putting pressure on its economic policy. Citing the "disruption of the conditions of competition," the European Communities Commission complained to Paris, where the legitimacy of the national plans in machine-tool building and furniture and textile industry was being questioned.\*\* The government had only to draw up a program for the modernization of ferrous metallurgy which envisaged increasing the smelting of steel to 24 million tons by 1986 compared with 18 million tons in 1982 for the West European steel cartel to thereupon cut France's production quota. The lack of stable prospects for the sale of metal is a factor holding back the planned capital investments.

G. Marchais, general secretary of the French Communist Party [PCF], emphasized in his speech at the L'HUMANITE festival in July 1983, that conservative forces, regardless of whether they are operating within the country or outside, are conducting a constant offensive against the forces of the left. The following fact is significant. J. Chirac, leader of the country's rightwing forces, who has sharply criticized the present government, appeared in a French weekly. And alongside was an article by the American ambassador to France, who was inveighing and fulminating apropos the participation of communists in the government.

\* See LE MONDE, 5 February 1983.

\*\* LE FIGARO, 16 February 1983; LES ECHOS, 16 May 1983.

It is significant that the business press is, as before, full of reports concerning the foreign transactions of state-owned companies, roughly one-third of whose investments continue to be made outside the country. The fact that the increase in loans by the nationalized banks to foreign clients is many times greater than the increase in investment credit to French enterprises is also manifestly not in accord with the declared policy. Did the country's leadership not declare that nationalization was to put an end to the continued "multinationalization" of the monopolies?

In 1982 as a whole the export of capital from France amounted, according to balance of payments statistics, to Fr60 billion. To these should be added a further Fr75-80 billion which left the country via such illegal businessmen's operations as price manipulation on export and import products, remuneration for fictitious services and so forth. Despite the proposals of the communist deputies and the alarming findings of a parliamentary commission, effective measures to halt the seepage of capital have not been adopted. Huge sums, comparable to the value of all domestic production capital investments, continued to be diverted from the needs of national development and lay as a heavy burden on the country's balance of payments. There can, of course, be no question of any purposeful government policy of conquest of the home market in the light of the adduced facts.

Various forecasts, official ones included, unanimously point to the possibility in 1983 of an absolute decline in the growth rate and an increase in the number of unemployed of 200,000\* and if the practice of strict economies continues, the continuation of the depressive trends in 1984 also. But even at the price of high social costs, specialists believe, the "Delors Plan" will not ensure a noticeable brake on inflation and the leveling of the trade balance, whose deficit in 1983 could constitute Fr60 billion compared with the planned Fr45 billion. The main danger which the deflationary methods of regulation entail is a reduction in investments and, in the long term, a weakening of France's industrial machinery.

Official circles have been forced to admit that the "recovery" plan will bear fruit no sooner than 1985-1986.\*\* But hopes are put here on a favorable turnabout in the development of the world capitalist economy. Such an approach, which makes the economy hostage to international business conditions, is fraught with the danger of the further slide of France's economic policy toward a resemblance of the social democratic version of management of the crisis. Rightwing forces would like to go further and take advantage of the exacerbation of economic difficulties for an attack on the gains of the working class. Expressing such sentiments, the business circles' organ--LES ECHOS--writes: "The left should understand that in subordinating itself to world (capitalist--A.K.) development trends it will inevitably be removing the brackets from its program of social reforms."\*\*\*

\* L'HUMANITE, 14 June 1983.

\*\* LE MONDE, 1 April 1983.

\*\*\* LES ECHOS, 8 April 1983.

Nor has the government draft of the ninth (1984-1988) plan of social, economic and cultural development, which was submitted for parliamentary discussion in June, clarified prospects. It was deliberately confined to the nebulous promise "to create the prerequisites for the highest possible growth compatible with a balance in foreign trade."\* The preliminary elaborations, which put the annual rate of increase in the gross domestic product for the coming 5-year period at 1.4-2.2 percent, gave some commentators grounds for claiming that the authors of the plan consider a long period of slow development inevitable.\*\*

The draft sets a number of interesting tasks from the viewpoint of the development of the economy. Among them are an extension of the system of the vocational training of the work force, a vast program of scientific research and an increase in the norm of real production accumulation. However, this draft contains many blanks. From where to obtain the resources for financing the priority spheres if a modest growth of government spending is envisaged? The draft points to an increase in the proportion of cash savings in the population's income. But will not the proposed slowing of the growth rate of personal income complicate the redistribution of the newly created value to the benefit of accumulation? What will be the consequences of the proposed development outline for employment? The text of the plan contains no answer to these and other essential questions.

#### Political Strategy

The evolution of the situation in France is, naturally, also determined by domestic policy factors. With what results have the main political forces approached the present frontier? The main responsibility for the implementation of state policy has lain with representatives of the French Socialist Party (PSF). At the congress in Valence (October 1981) the socialists declared their intention to implement socioeconomic transformations under conditions of compromise with the bourgeoisie. Practice has shown, however, that more often than not behind them have been attempts to eclectically combine the opposite demands of different social forces.

The proposition concerning a "break with capitalism," which was contained in earlier party documents, was removed from the official lexicon quite quickly. Although originally the process of transformations developed in line of ascent, the fear of decisive actions displayed by the socialist leadership and the loss of a clear historical perspective have gradually led it to the right, away from the content of the PSF's left-reformist program adopted in 1979.

The hopes that the tactics of cautious compromise would guarantee the "favorable neutrality" of the business circles have not been justified. The steps to meet the small-scale and middle entrepreneurs half-way in order to use their initiative for the growth of the national economy have come up against the conservatism of the petty bourgeoisie. The big employers

\* LE MATIN, 21 April 1983.

\*\* See, for example, LES ECHOS, 21 April 1983.

perceived the financial gifts as their due, but by no means displayed a readiness to abide by the new rules of the game and took advantage of the dialogue with the socialists to put pressure on the policy they were pursuing.

The Socialist Party has not succeeded in becoming an effective connecting link between executive authority and the masses. The press and the leadership itself even usually refer to the fact that the PSF has not become an obedient "presidential party" owing to the fact that the activists and deputies have not shed opposition behavioral stereotypes and have continued to lay claim to the role of an independent force. However, the deep-lying reasons for this are not so much in the PSF's difficult and protracted search for its place in the power mechanism as in the specific features of French social democracy.

Interesting information on this score is contained in the historian H. Portelli's book "French Socialism As It Is". As distinct from the West European socialist parties, which have established close relations with the trade union movement, the PSF is characterized by the striking disproportion between the impressive number of persons voting for it and the narrowness of the circle of activists (they number no more than 2.5 percent of the electorate).

Another singularity of the PSF is the obvious contradiction between the social structure on the one hand of the electorate and, on the other, of the members of the party and the leadership. Whereas those voting for the socialists belong to the most varied social groups, including the working class, people from the new middle strata predominate among the activists and, particularly, the party's upper stratum. "The supporters of the socialists," Portelli writes, "form a kind of pyramid, at each step of which, in line with their progress toward the summit, the representatives of the working people's masses are washed away. The proportion of workers in the electoral body constitutes 35 percent, among the activists 15 percent and in the leadership only 2 percent."\*

Dated the very outset of the 1980's, the French historian's analysis is fully applicable to the present-day PSF. Neither the numbers (approximately 200,000) nor the structure of the party have undergone pronounced changes since then. The old organizational weaknesses, brought about by the fact that the PSF has not grown into a truly mass party, have made themselves known particularly severely in the new situation. Following the assumption of office, the party's opportunities for responding to the dissimilar and sometimes contradictory requirements of representatives of its extremely heterogenous electorate were objectively constricted.

Ideological variety, which has been characteristic of the PSF since its creation, has also been preserved in full. The political scientist J. (Sharlo) distinguishes within the party eight currents, which for the sake of simplification he reduces to three main ones: the left wing, whose leader is L.-P. Chevenement; the followers of M. Rocard, who group on the right wing;

\* H. Portelli, "Le Socialisme Francais Tel Qu'il Est," Paris, 1980, p 127.

and the most populous central nucleus, which is headed by L. Jospin, first secretary of the PSF, and which traditionally performs the functions of arbitrator between the two extreme directions.\*

The decision of the "unitary" congress in Valence on a halt to factional activity only blunted the intraparty polemics. The representatives of the left wing insisted on implementation of the program goals in full and called for the participation in the process of the country's renewal of all social forces which sincerely adhere to the ideals of national independence. The rightwing socialists, whose views have been formed under the strong influence of the ideology of liberalism, advocated a moderation of the ardor for reform and for them not to go too far. Once in a while disagreements on the issue of cooperation with the communists surfaced. Both from the right and in the center of the PSF forces continued to operate which have preached anticomunism and which have not abandoned the intention of rewriting the history of the French workers' movement. They have not concealed the fact that their aim is either to "social democratize" the Communist Party and push it from its class positions or "marginalize" it, that is, decisively limit the communists' political role in the country.

The omnivorousness which afforded people of different views an opportunity to "select" their ideology according to taste for a long time enabled the PSF to win sympathies all along the line. However, after the party acquired the status of the governing party, the electoral plus has become a political minus to a certain extent. The "ideological pluralism" and the contradictions and disagreements ensuing therefrom and the party's reticence on internal problems have become a factor impeding the mobilization and disorienting the socialists' rank and file supporters.

The PCF, four of whose representatives are a part of the coalition government, has been organizing its work in what is for it an unusual situation. The Communist Party, which came out at the presidential elections with its own program, but which was unsuccessful, clearly saw that the socialists' platform was not an adequate response to the problems facing the country. At the same time, considering primarily the broad masses' hopes for change and the presence in the socialists' proposals of some of the working people's demands, the PCF leadership considered that a basis for the cooperation of the parties of the left had been preserved. The party's tactics were inscribed in the strategy adopted by the 24th PCF Congress (February 1982) of a transition to "socialism French-style" as the alternative to capitalist society. The present joint actions of the left and democratic forces have been regarded by the communists as a stage at which it is possible and necessary not only to take advantage of all possibilities for the solution of specific problems in the interests of the people of labor but also to lay the prerequisites for advancement.

The forces of the left's association with the parliamentary majority and participation in governments is a form of the political activity of the PCF--

\* See LE MONDE, 28 August 1982.

the biggest party of the working people, which consistently defends their interests--specific for this stage of the class struggle in France. The alliance of the two parties is built on conscious and mutually beneficial compromise. G. Marchais, general secretary of the PCF, observed in his interview with LE MATIN that the Communist Party's activity within the majority is based on the policy for which the French people voted in 1981 and which "is expressed in the form of the commitments assumed jointly by the PSF and the PCF on 23 June 1981." Marchais emphasized that "these commitments presuppose freedom for each partner to express his own beliefs." "Everyone knows," he said, "that we have reserved our position in respect of certain economic decisions adopted by the government recently. Everyone knows that in the international plane we also do not agree with the president of the republic in all things."\*

After 23 June 1981, the PCF's task was to exert a constant influence, availing itself of the methods embraced in the political practice of the Fifth Republic, on the legislative process in parliament and government activity in a direction corresponding to the interests of the working people's masses and the country's interests in the form that they are understood by the communists. The participation of the communists in the ruling majority has undoubtedly stimulated the antimonopoly actions of the parliament and government.

The democratic public has evaluated the activity of the communist ministers positively, it being based on a knowledge of the real problems of working France. PCF deputies have submitted and defended many proposals aimed at emphatically limiting the domination of monopoly capital. However, the correlation of forces within the left coalition has restricted the Communist Party's possibilities of influencing the formation of policy.

The 24th PCF Congress and subsequent PCF Central Committee plenums termed an increase in mass work an important area of an increase in the political influence of the party, which has over 700,000 members united in 27,500 cells. Stimulation of the activity and expansion of the network of primary organizations is also a means of enlisting the working people in the process of social transformations. The PCF has paid the main attention to strengthening its positions at industrial enterprises, where the main forces of the working class are concentrated. The Communist Party has pointed out constantly that the success of what has been started and the possibility of advancing further are determined by the scale and maturity of the working people's support. Only a mass movement, the newspaper L'HUMANITE emphasized, can be an active participant in social transformations.\*\*

While regarding the alliance of forces of the left as a necessary political prerequisite of the policy of democratic transformations, the PCF continues to defend its class positions and is endeavoring to establish its own line in the fields where the Socialist Party is operating contrary to the expectations of broad categories of voters of the left. Thus it was its initiative which led to the organization of the national action campaign

\* See L'HUMANITE, 21 June 1983.

\*\* Ibid., 14 February 1983.

under the motto "Produce French". The Communist Party is performing a prominent role in the movement for peace and disarmament, rightly regarding it as an integral part of the struggle against economic crisis. When, in its belief, certain government decisions have been insufficiently effective for the achievement of the planned goals and have not properly taken account of the interests of the working people, the PCF has come out with constructive criticism.

Adapting rapidly to the new situation, the bourgeois parties immediately embarked on preparing the conditions for revenge. Continuing to intimidate the narrow-minded with the "social-communist danger," they began to create an organizational basis of an "ideological counterweight" to the majority. The struggle for minds was entrusted to the clubs, with a network of which the opposition has surrounded itself. The "club phenomenon," which in the past was used successfully by the socialists, has afforded an opportunity for drawing a broader public into the orbit of its influence. In the clubs arguments are refined and program goals are conceived which are subsequently used by the opposition parties' propaganda machinery.\*

In addition to ideological warfare, the parties of the right have set the task of gradually wresting positions away from the majority from below, at elections to the local organs of administration, counting thereby on also creating a "political counterweight" to the central authority. Another method from the tactical arsenal of the opposition is "entrisme," that is, infiltration of public organizations and associations in order to kindle the discontent of certain social-professional groups, supporting the exorbitant and unrealistic demands. Representatives of the parties of the right have made no secret of the fact that they intend to use the complaints of various categories of the population as an instrument for maintaining in the country an atmosphere of tension and uncertainty, destabilizing the government and shaking the majority's social base.

The interests of the struggle for power have prompted the two main bourgeois parties--the Rally for the Republic RPR and the Union for French Democracy (UDF)--to put the old dissension behind them. In systematic attacks on the government, in the blocking of the reforms in parliament, at electoral advice bureaus--everywhere they have endeavored to act in a single front.

The most assertive opposition force, which relies on a ramified party machinery, has been the RPR headed by J. Chirac, the mayor of Paris. The composition of the party has been renewed appreciably in recent years, and a change of

\* At one meeting of the well-known Wall Clock Club, which was attended by the MEMO correspondent, the local ideologists, cynically speculating on the French's allegiance to republican traditions, proposed counterposing the program of the left (no more, no less!) to the slogans of the French Revolution. Juggling with sophisms, they attempted to prove that nationalization is incompatible with individual liberty and that the class struggle is contrary, they said, to the ideals of fraternity. Despite their superficiality, these prescriptions were hereupon circulated by the opposition, which began to criticize the government under the flag of the "restoration of republican principles".

generations has been completed at the executive level. Commenting on the party congress in Toulouse (January 1982) [sic], the newspaper LES ECHOS observed: "The absence from the platform of the barons of Gaullism is more than symbolic. The new RPR is a party primarily of Chirac's men."\*

One searches in vain in the statements of today's RPR leaders for references to the need for state intervention in the economic sphere, "social partnership" or other attributes of the traditional doctrine of Gaullism. They have been superseded completely by appeals for unlimited freedom for private enterprise and authoritarian methods of controlling society enshrining the party's slide toward positions of the radical right which began a long time ago. The RPR program, which was promulgated in January 1983, provides for denationalization of all the enterprises which have been transferred to state ownership in the last 50 years; a sharp reduction in government spending and taxation; and a limitation of trade union rights and freedoms. Such a program may be categorized as the French edition of Reagan's "conservative revolution".

Endeavoring to conceal the reactionary essence of the party program, the party has also resorted to maneuvers and flirted with the leaders of the reformist trade unions, the majority of whom have a critical attitude toward the government. But the main thing in the RPR's designs remains winning the dominant position within the opposition with reliance on the most conservative elements of the electorate. Spurring tension, RPR figures have in their speeches, contrary to constitutional standards, called in question the legitimacy of the executive authority and insisted on early parliamentary elections.

Ideologically and organizationally the UDF is far from the monolithic nature of its partner. After the party had lost its leader in the person of the country's former president, V. Giscard d'Estaing, discord among the groupings therein increased. The disciples of bourgeois reformism were disposed toward autonomous action, whereas the supporters of liberalism emphasized the community of interests with the RPR.

The supporters of political union ultimately gained the upper hand. At the same time the UDF has avoided indiscriminately rejecting everything done by the left majority in the social sphere, advocated observance of the specified times of parliamentary elections envisaged by the constitution and thereby attempted to appear in the role of the moderate opposition. The party's program goals have not been clearly defined and are as yet confined to the vague slogan of "contemporary liberalism with a social dimension," but an endeavor to dissociate itself from the extreme conservatism of the RPR can be discerned here also.

In adhering to moderate positions the UDF hopes to gradually and more successfully than the RPR attract the centrist voter. The aggressiveness of the opposition partner, which, some people in the UDF fear, intends to fill the entire space between the right flank and the parties of the left, is also prompting the latter to preserve its own character. Among the party's

\* LES ECHOS, 25 January 1983.

weaknesses many observers put the lack of solution of the problem of leader. Again becoming a part of the UDF leadership, V. Giscard d'Estaing has returned to regular political activity. Growing in popularity recently in centrist circles has been the former premier R. Barre, who, although linked with the UDF, aspires to occupy on the political scene the position of impartial observer.

### Social Realities

The activity of the main parties has been carried on against a background of continuing economic crisis and its attendant processes. Although broad strata of the working class have preserved their fighting spirit, to which the strikes at the Citroen and Renault auto companies and other protests by the working people has testified, uncertainty in the future and fears that they might lose what they have achieved inculcated by a decade of "modest growth" have taken root in the masses. Crime, drug addition, the youth problem and other phenomena eating away at the social fabric of French society continue. All this has on the one hand complicated the development of the mass antimonopoly movement and, on the other, been adroitly used by the right in its political game.

"Never have so many building grounds of reforms been created in France with such universal indifference," was the journal LE NOUVEL OBSERVATEUR's diagnosis.\* This publication, which is attributed by the democratic public to the "pseudoleft," deliberately distorts the picture, completely ignoring such facts as the implementation of nationalization and administrative decentralization, a certain broadening of the rights of trade union organizations at the enterprises, judicial reform a lowering of the retirement age from 65 to 60, a certain reduction in the length of the work week and so forth.

At the same time the gap between the hopes of broad strata for the achievement of a concrete improvement in living conditions and the actual results of policy in the sphere of inflation and unemployment has made its mark on the evolution of the mass consciousness. The very nature of the structural transformations, which have been implemented from above and which in the majority of cases have created only the prerequisites for a change in the functioning of the socioeconomic mechanism, have not evoked in the working people a perception of a fundamental change for the better. Together with fluctuations in the policy of the country's leadership this has given rise to a feeling of disenchantment in part of the the working class and other groups of the population which constitute the nucleus of those voting for the parties of the left.

There has simultaneously been a growth in the discontent of the middle strata, some of whom in 1981 voted for the socialists. Throughout recent years accelerated differentiation has been under way in practically all the groups making up this motley conglomerate. The representatives of many professions who quite recently considered themselves perfectly well-off have discovered with alarm that they are not protected against the blows of crisis. The middle strata have seen some of the government's reforms and plans as a threat to the economic and social status quo.

\* LE NOUVEL OBSERVATEUR, 6 May 1983, p 36.

The forces of the right have managed to direct these sentiments into the channel of political protests against the majority. Street demonstrations of craftsmen and shopkeepers, physicians and persons of the free professions, whose unseen directors are to be found in the opposition circles, have been held under antigovernment slogans. A feeling of fear for the future has made the middle strata receptive not only to antistatist slogans but also to outright demogogy. Thus the campaign surrounding problems of crime and the foreign work force, which has been conducted by the right in a spirit of ill-concealed racism, has found a response in their milieu.

Such sentiments were reflected in the results of the partial cantonal (March 1982) and municipal (March 1983) elections. Their outcome pointed unequivocally (with the reservation that the role of local factors in these election campaigns was usually great, and they could be used with a certain degree of caution as an indicator of the correlation of political forces on a national scale) to an erosion of the presidential majority and a drop in the "pink wave" on whose crest the socialists won an absolute majority in parliament. The PCF stabilized the relative significance of its voters at the level of the 1981 results here, but the Socialist Party lost some of the centrist voters.

The secret of the comparative success of the parties of the right amounted to the utmost mobilization of the traditional electorate, whereas some of the voters of the left displayed passiveness and preferred to abstain. But the disenchantment did not grow into support for the opposition. France returned to the roughly equal correlation of forces of the right and left typical of the last decade.

It is difficult to say what influence the new economic orientations will have on the sociopolitical climate. Originally they caused a profound psychological shock in public opinion. As polls conducted immediately after them showed, 51 percent of French citizens did not approve of the strict economy measures, while 60 percent expressed the belief that they would not rectify the country's economic situation.\* The popularity of the head of state fell to a record low level in the history of the Fifth Republic.

"Crisis of Ideas Caused by Loss of Own Ego"--the newspaper LE MONDE used such expressions to describe the frame of mind reigning in the Socialist Party, in which an acute polemic was spreading.\*\* The left wing charged the "Delors Plan" of having made concessions to international finance circles which threatened, it believed, to pull the French economy into a prolonged depression and ultimately to return it to the old principles of integration in the world capitalist economy. Such prominent figures belonging to the central groupings of the PSF as P. Joxe, chairman of the socialists' parliamentary faction, and (K. Gu), chairman of the National Assembly's Finance Commission, joined in the criticism of strict economies.

\* LE FIGARO, 21 April 1983.

\*\* LE MONDE, 9 May 1983.

The eruption of disagreements was explained not only by fears that support for the unpopular measures could do irreparable damage to the party's prestige or the struggle between currents for influence on the threshold of the congress. Even before the change in economic policy the PSF was essentially at a crossroads: many of the election promises had either been fulfilled or had begun to be implemented, and the question had arisen of the plan of further action capable of attracting the sympathy of the broad masses. Currently a struggle is under way in the party between the adherents to a left-reformist line, whose contours were outlined by the 1979 "Socialist Project" program, and the supporters of an open transition to a more moderate course. Without beating about the bush, former Minister of Cooperation J.-P. Cot, who is close to the right wing, declared that the "Socialist Project" was played out and in need of a fundamental revision.\* Whatever the case, the logic of events puts precisely this issue at the center of the debates of the Socialist Party congress scheduled for the fall.

In the complicated situation the Communist Party has proceeded from the fact that the "Delors Plan" is a temporary retreat and that continuation of the line begun in 1981 by the forces of the left insistently demands development and firm reliance on progressive structural transformations. "The forces of the right and the employers," B. Marx, chief editor of the PCF's economic journal, wrote in June 1983, "are attempting to prevent the working people and all French citizens from taking advantage of such powerful trump cards as nationalization and the rights of the workers (at enterprises--A.K.) and to slander the new policy." The PCF constantly defends the original intention of the forces of the left--to make the expanded nationalized sector the catalyst of economic progress and to use the increased initiative of the working people to increase production efficiency, to control enterprise strategy and the areas of investment and to select methods of management which might contribute to resorbing unemployment and to social progress.

The PCF is not confining its struggle to activity within parliament and the government, whose possibilities are, for understandable reasons, limited. It is insistently appealing to the working people to operate assertively from below, at enterprise level, and to find and impose on the employers forms of the "new management" of production. "It is essential that the forces of the left rely on the active movement of the broad masses," Georges Marchais emphasizes.\*\*

The Communist Party's theoretical work is subordinated to the same goals. A wide-ranging discussion is under way in the press surrounding new criteria of an evaluation of the work of enterprises which would make it possible to go beyond the framework of the norm of entrepreneurial profit and extend the list of indicators attesting the successful management of affairs in this firm or the other, primarily in the state companies.

In opposition circles the exacerbation of economic problems is perceived with barely concealed satisfaction. In an endeavor to derive the maximum and swift

\* LE NOUVEL OBSERVATEUR, 27 February 1983, p 39.

\*\* L'HUMANITE, 21 June 1983.

political effect therefrom the RPB has proposed submitting the question of the government's economic policy to a referendum. Hinting at the growing discontent in the country and the student disturbances in the spring, the rightwing press has begun to talk about "May 1968 the other way round."\* Some people have even called for people to prepare themselves for the impending crisis of the regime, which has lost the population's trust. However, the gamble on the rightwing radicalization of the domestic political situation has not been shared by all in the opposition. The calculation of the opponents of undue extremism is simple. The economic crisis, they argue, will force the socialists to adopt many more unpopular decisions, which, as is occurring in other capitalist countries, will entail the irreversible "obsolescence" of the team in office. And for this reason there should be no haste. Frontal attacks may only contribute to the cohesion of the forces of the left. The evolution of the social situation will be determined to a decisive extent by the reaction of the working people, many of whom will encounter a fall in their living standard as a consequence of the policy of strict economies.

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\* LE MONDE, 6 May 1983.

## SHAKHNAZAROV CRITIQUES STANFORD BOOK ON FUTUROLOGY

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
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[Article by G. Shakhnazarov: "Groping for the Future"]

[Text] Recent decades have been marked by, inter alia, Western theorists' general enthusiasm for a study of the future. Bulky tomes with intriguing titles which stir the imagination: "The Year 2000," "200 Years On" and so forth are appearing one after the other. Like the valiant navigators who in the era of great geographical discoveries expunged the blanks from the map of the world, the futurologists have fearlessly filled in the map of a great uncharted continent--terra futura. The only difference being that the information of Columbus and Magellan has been verified, while the prophesies of H. Khan and other bourgeois soothsayers are offered to the public on trust.

Of course, it would be extremely unwise to reject them out of hand for this reason alone. Certain valuable observations and cogent suppositions based on an analysis of the trends of economic and social development of individual countries and regions may be found in Western prognosticatory literature. Among such works are, in particular, the reports of the Club of Rome. Certain other prognosticatory studies are also of interest--if not for the depth of analysis of the historical perspective, then, at least, for the formulation of burning questions.

As a whole, however, each latest splash of futurological quest reveals increasingly graphically the fundamental flaws of bourgeois civics. Essentially ignoring the objective regularities of social development, failing to consider in this connection the significance of such paramount factors as the form of ownership and the class struggle and hypertrophying the significance of equipment and technology, futurologists, each in his own fashion, construct the future in accordance with the cherished hopes and ideals of the monopoly bourgeoisie.

True, the illusions which were dominant in the 1960's have diminished somewhat and the belief that scientific-technical progress would automatically solve all the contradictions of capitalism has waned considerably. There is virtually no longer a talk of the "society of universal prosperity," the

"postindustrial society"--this prototype of the "capitalist paradise"--is recalled less frequently and there is a more sober judgment of the problems which the future will bring bourgeois society.

But the certain sobering up has, alas, been reflected virtually not at all in a rise in the scientific level of futurological quest. Even the fundamental weakness of the bourgeois way of thinking is manifested even more apparently here, perhaps, since it is no longer compensated by an unrestrained flight of the imagination.

But let us assure ourselves of this. We have in front of us a book by three American authors, "Seven Tomorrows,"\* published in 1982. Why seven? Because "the future is uncertain" and multivariant and depends on the paths which we choose. The officially stated aim of the study is to show people what possibilities they possess: "We need some kind of future in order to believe in it."

This proposition runs throughout the work. We encounter on virtually every other page of the book the reservation that the authors do not lay claim to an accurate forecast but merely wish to provide food for thought according to the well-known principle: if we act thus, such and such may happen. Just as insistently they stress that if the ideas and suggestions put forward in the book are accepted, this will make it possible to avoid the dangers which the future contains and settle into it safely. The book's subtitle--"Toward a Voluntary History"--is significant. This itself is a claim to something more than a simple examination of the possibilities which mankind possesses in the future. It remains to see to what extent it is warranted.

The impression of the work's manifest pretentiousness is strengthened by the authors' note that the book is the result of more than a decade of research performed by a large group of scholars and experts of the Stanford Institute of International Studies (Menlo Park, California, United States), in the course of which approximately 100 indicators, including the dynamics of food consumption, rate of increase of the deserts, demographic data, distribution of resources and so forth, were thoroughly analyzed. Computers were, of course, used. All this has to attract attention to the work: if only because a large group of specialists have been toiling for 10 years by the sweat of their brows, and with the assistance of modern miraculous electronics, moreover, what results there ought to be!

#### Methodology

So, it is a question of seven "plausible scenarios for the 1980's and 1990's." They are neither prognosticatory nor normative but merely "assume that the problems and opinions which we will encounter will require a more serious and intelligent attitude toward our future fate than simply prayers that there be somewhat more material benefits and somewhat less uncertainty."

\* Paul Hawken, James Ogilvy, Peter Schwartz, "Seven Tomorrows. Toward a Voluntary History," Toronto--New York--London--Sydney, 1982.

But if the scenarios are not regarded as a forecast or a plan, what do they represent? A series of alternatives, it turns out. Is such an approach legitimate? Why not? Ultimately everyone is allowed to vary the methods of cognition of the historical future. As long as it makes sense.

Endeavoring to clearly dissociate themselves from other futurological works or, more likely, to emphasize their originality, the authors state that a single variant, seen as the most probable, has hitherto always been the focus of the well-known works on the future. H. Kahn's "The Next 200 Years," D. Bell's "The Postindustrial Society," L. Stavrinou's "The Coming Dark Age," R. Heibroner's "View of Man's Future," (P. Drakker's) "Age of the End of Gradualness," "Mankind at the Crossroads" by (M. Mesarovich) and (E. Pestel'), F. Willey's "End of the Dream," S. Schneider's "Genesis Strategy," A. Toffler's "The Third Wave" and W. Johnson's "Roaming the Road To Thrift" are cited as examples.

As distinct from these "single-variant" forecasts, the Stanford futurologists emphasize, our task is to outline "the range of actual possibilities depending both on our imagination and our will since the future which awaits us will to a considerable extent, if not entirely, be the result of a choice made today. "They write not without spite about those who paint the future in a single color--black or rosy--without taking account of its diversity.

To understand the chosen methodology we should say what is meant by scenario, the more so in that there is considerable confusion on this score in futurology: some people essentially equate the scenario with model, others equate it with a "free forecast" and so forth. According to the authors, the scenario concept was taken by them... from the movie theater, where the scenario represents the sequence of scenes with the aid of which this subject or the other is revealed. It is something more than a synopsis of the plot, but something less than the film itself. The scenario of the future should be viewed in precisely the same way: it is somewhat more than a simple list of possibilities, but less than the historical future itself.

The next point on which the reader's attention is closely focused are the social factors which have a chance of becoming the most powerful driving forces of change in the coming historical period. Among these the authors put, first, a revival of interest in religion and, second, the upsurge of the feminist movement. Whence it should be concluded that the Stanford futurologists do not anticipate particular assertiveness either from the working class or from the youth, the intelligentsia, the middle strata of the population and national minorities (primarily the negroes, insofar as it is a question of the United States). Nor are ideological doctrines, evidently, to lay claim to the role of source of changes. All this is puzzling: is it possible to look into the future with such a scant set of social factors, disregarding the potential impact on the shaping of the future of virtually all the main social forces and political movements of present-day society?

Further the authors turn to an examination of the processes occurring in the international arena which, they believe, will be directly reflected in the country's future. The heart of the matter amounts to the following

propositions: the world is restless and is moving from being bipolar (the USSR and the United States) to multipolar, when "emerging Third World countries will challenge the legitimacy of Western modernization and domination," which will increase the likelihood and "painfullness" of conflicts. Nonetheless, the authors assume that, despite this, nuclear war will most likely be avoided. This assumption is taken as axiomatic inasmuch as, the book emphasizes, nuclear war would mean the end of any future.

Whereas we have to agree with the latter proposition, as for the rest, the authors' approach appears at least superficial. The main changes in the correlation of forces in the international arena in favor of socialism, the powerful development of the national liberation movement, the growth of the contradictions among the imperialist powers and other factors having a considerable impact on the shaping of the future both of individual countries and the world as a whole remain beyond their field of vision.

A singularity of American political thinking is manifested graphically here, however. It cannot be said that it has altogether failed to take stock of the realities of our era, which is characterized by an unprecedented internationalization of world economic and all sociopolitical life. But in considering this fact in their forecasts the American theorists wittingly or unwittingly belittle its significance. The customary notion that it is the United States which will have the decisive say in the shaping of the future for all mankind reigns in their heads. The essence of this imperial ambition may be expressed in the formula: "What is good for General Motors is good for America, and what is good for America is good for the whole world."

Among the other prerequisites taken into consideration in the elaboration of alternative versions of the future the authors mention such phenomena as the continuous increase in the country's national debt, the growth of crime, the degradation of the environment and also the dangers connected with the unchecked use of new technology and the militarization of space. They attempt to formalize the corresponding data, collating them in a table and comparing two periods: the postwar period (1945-1973) and the "latest" period (1973-1980). Judging by the table, there has been a considerable deterioration in the situation in respect of virtually all indicators. Whence the conclusion that in the postwar period a predictable future was occurring, now an unpredictable future.

Such a conclusion seems at least strange. The predictability or unpredictability of the historical future is determined by no means by the preponderance of positive or negative trends at this stage of social development or the other but by the level of development of forecasting. It is sufficient to turn to the literature of the 1950's and 1960's and to leaf through the periodicals of that time to see for oneself that even then there was no shortage of laments concerning the impossibility or more or less reliably predicting the course of coming events.

Further the Stanford futurologists offer the reader a list of so-called reference trends, by which is implied the possibility of change in such

spheres as power engineering, the climate, food supply, the economy and the value system. Essentially everything boils down to an elementary set of possibilities. Thus the increase in energy consumption will be either high or zero; the climate either favorable or changeable; food will prove sufficient or there will be a shortage of it; in the economy normal growth is possible, but so are recession or collapse even; the prevailing value orientation in society will be determined by an emphasis on material acquisition, status, fame and wealth or on survival or, finally, thrift, by which is understood "self-limitation in consumption and an orientation toward the principles of the evolutionary ethics of 'man living in nature'."

As we can see, the entire method consists of the assumption that it will be good, bad or indifferent. The question arises to the usefulness of scenarios built on such a shaky foundation. Is it not like the thinking of the carefree plowman, who, heading for bed, says to himself: "I'll sleep on it; if the weather is fine, I will work in the field, if it is raining, I will go lie down." His more practical neighbor would not act thus. He would go out onto his porch in the evening and guess from his own signs what to expect the next day--bad weather or fine weather. After all, if there is to be plowing the next day, preparations for it have to be made. And in our time orienting ourselves on the basis of "either-or" is simply sinful, and it is manifestly worth familiarizing ourselves with the weather report.

In other words, even proceeding from the multivariant nature of the future, we should not ignore indications of the greater probability of this variant or the other. Possible development paths, if it may be so put, are far from equal. Among them are more and less probable ones, and the entire point of science is not to act by guesswork but, having attentively studied the dominant trends, to determine the most probable course of events. And the word alternative means "not the main" but a different, essentially, reserve, variant. Crudely put: prepare for this, but do not rule out the possibility of that.

Let us, however, follow the authors and examine the table they adduce, to which is imparted key significance for understanding the chosen method of divining the future (the table is reproduced in the form in which it is given by the authors).

<u>"Reference trends"</u>	<u>Scenarios</u>
High growth of energy consumption	1. "Official future"
Favorable climate	
Abundance of cheap food	2. "Mature order"
Conventional economy	3. "The center holds"
Controlled growth of energy consumption	
Changeable climate	
Abundance of cheap food	
Conventional economy	

Unsuccessful high growth of energy consumption	4. "Apocalyptic transformation"
Shortage of costly food	5. "Chronic breakdown"
Unstable economy	
Reduced energy consumption	6. "Living within one's means"
Deterioration in climate	
Shortage of costly food	7. "Start of suffering"
Economic collapse	

As we can see, in reality the table contains no choice of alternatives since the source data predetermine the nature of the scenario. It was hardly necessary to spend 10 years processing data by computer to conclude that if there is a shortage of energy, the climate becomes changeable, food becomes more costly and that things are bad. The authors evidently themselves fail to spot that their irony in respect of the pessimists and optimists has not prevented them repeating the same mistake. From the deteriorating conditions a conclusion is drawn as to the possibility of two variants--either society adapts (and then the "Apocalyptic transformation" scenario, in which, after every conceivable scrape, there is a happy ending, takes effect) or does not (and then the alarmist "Chronic breakdown" scenario is appropriate). Such an alternative, however, awaits the country in the event of even more unfavorable initial conditions: one optimistic scenario ("Living within one's means") and one pessimistic scenario ("Start of suffering") are possible here.

It is now worth familiarizing ourselves with the principle at the basis of all the proposed scenarios. It is such. The sum total of individual indicators of 1980 and the supposed changes by the year 2000 is taken. The number of indicators is small. The population of the world and the United States, world GNP and the U.S. GNP, per capita income and consumer spending in the country, the average price of oil on the world market and energy consumption. The sources of energy supply (national and imported oil, shale oil, natural gas, coal, conventional nuclear power stations, breeder-reactor power stations, solar energy, hydropower and so forth) are further revealed. The proportion of income spent on housing, food products, clothing, medical equipment and transport is distinguished. The following groups of indicators are intended to provide an idea of the changes in production and are grouped in two short sections. First, the growing and degrading sectors and spheres of the economy, second, the professions on the one hand in demand and, on the other, not in demand.

As far as the world as a whole is concerned, it is reduced to a list of states with the highest and lowest GNP growth rates in the period 1995-2000 and countries whose economy is stagnant.

The latter indicator merits special attention. It makes it possible to understand best of all the procedure employed by the authors in evaluating the prospects of the United States and other states. For this reason we will separate the suppositions expressed in this connection from all the scenarios and contrast them (in order not to repeat the names of the scenarios we will employ their numerical designations--from 1 to 7).

So, who, in the opinion of the experts from the Stanford Institute, will have the highest GNP growth rate in 1995-2000? The following countries and territories, it turns out: 1. Brazil, Malaysia, Nigeria, South Africa, Mexico, South Korea, Indonesia, the Philippines, Taiwan and the PRC. 2. Japan, South Korea, Taiwan, the PRC, Malaysia, Singapore and Indonesia. 3. Japan, the FRG, the United States, France, Mexico, South Korea, Brazil, South Africa, Australia and Israel. 4. (Inasmuch as it is a question of the "Chronic breakdown" scenario the wording is different here, namely: instead of the "countries with the highest GNP" indicator, it speaks of countries which "will manage to survive") Norway, Brazil, South Africa, the United States, the USSR, Canada and France. 5. (Again countries with the highest growth rate) Japan, the FRG, France, Taiwan, the PRC, Canada, Switzerland and Italy. 6. (Again a question of countries which "manage to survive") Japan, the PRC, the United States, Canada, Norway, the FRG, Brazil, Saudi Arabia, South Africa and France. 7. (The "economically developing countries" are cited on this occasion) Australia, Canada, Norway, the PRC, Brazil and South Africa.

Performing an elementary calculation, we obtain the following results. The luckiest are the PRC, South Africa and Brazil--they make the "list of fortunates" five times. There is a pretty good evaluation for Japan and France--they make it four times. The Stanford futurologists detected an average degree of survivability and capacity for development in Taiwan, South Korea, the FRG, the United States and Canada. Matters are somewhat worse for Mexico, Indonesia and Norway--they are mentioned only twice. Finally, those who are accorded the honor of joining once those who will succeed or will have at least managed to survive--Nigeria, the Philippines, Singapore, Switzerland, Italy, Saudi Arabia and... the Soviet Union.

One is struck not only by the airiness with which the soothsayers from Stanford allot the chances among different countries but also by the complete absence of any computations capable of underpinning the author's predictions or, more precisely, prophesies. All this appears so insubstantial that one experiences a feeling of embarrassment for the authors: can such things be said in earnest? Even if we assume the possibility of an exacerbation in the future of the global problems enumerated in the table (from which, of course, by no means follows the inevitability of some fatal outcome for mankind), the supposition that the USSR, which possesses powerful economic potential and huge resources, will display a lesser degree of "survivability" than those who received a higher "evaluation" is utterly absurd. Only extreme tendentiousness could explain such absurdity.

However, the USSR is still comparatively fortunate. The Stanford soothsayers leave it with at least some chance of "survival". The future of many other states, on the other hand, is altogether covered by the gloom of uncertainty. After all, if we take all the countries and territories mentioned in the list adduced above, there are only a few dozen of them. But there are more than 150 states in the world. The fate, say, of Bulgaria or the GDR, Belgium or Finland, Argentina or Kuwait remains a mystery. Either the computer lacked the capacity or the authors considered that these, like many other countries, did not merit attention.

As far as the socialist states are concerned, it is more a question of the latter. And the explanation here is not difficult to find. Its underlying cause is manifestly ideological. The heart of the matter lies in the bourgeois theorists' prejudiced attitude toward socialism and its achievements. Whence the reluctance to recognize the obvious fact that the socialist community countries are the most dynamically developing group of states in the world. Of course, this does the authors' scientific conscientiousness no credit, but nothing can be changed here.

What simply cannot be understood is the arbitrary allotment of chances among the economically developed capitalist countries. For, for example, France acquired a "four," the FRG a "three" and Switzerland a "one". Neither the extrapolation of data for recent decades nor the forecasts of economic experts provide any grounds for such conclusions.

Or another example. In giving Brazil a "five" the authors obviously took into account both the very rich natural resources of this country and its relatively rapid, albeit unbalanced, economic growth throughout the last decade. But is it really possible to disregard the fact that it is precisely in recent years that Brazil's economy has encountered serious difficulties, which are expressed in the country's colossal foreign debt, which amounts to almost \$80 billion? Or not consider the acute social and political conflicts, which are largely a consequence of the many years in office of the military?

If we believe the authors, Great Britain will find itself in a particularly serious position in the next 20 years. Virtually alone among developed capitalist states, it is not mentioned either among the countries with a high GNP growth rate or even among those which will "manage to survive". It is indicative that in the "Living within one's means" scenario it is prophesied the lot of an economically degrading country. The authors obviously proceed from the fact that the British economy has been experiencing chronic stagnation for a long time. But this is also characteristic of a number of other countries of the capitalist world.

However, perhaps we are being unjust in accusing the authors of a lack of any criteria in the allotment of chances among individual countries? Perhaps everything will depend on the conditions at the basis of each version of an alternative future? Let us check this assumption on the basis of one example. In the first scenario, according to which the Americans will have the highest income, the United States does not figure either in the list of countries with the highest growth rate or even among those for whom economic stagnation is predicted. Thanks to what the highest level of income will be achieved remains a secret. On the other hand the United States is mentioned in the list of countries with the highest economic growth in scenario 3. And this despite the fact that the introduction to the scenario records in black and white: "The U.S. economy is developing slowly."

And a further recheck. Mexico is promised the highest GNP growth rate in the first scenario and is listed among the economically degrading countries in the last one. Upon a comparison of the economic conditions predetermining both scenarios we find nothing that would explain such a divergence of evaluations, with one exception: the price of oil on the world market: And the most curious

thing is that if this indicator is taken, the directly opposite conclusion would have to be drawn. In actual fact, according to the first scenario, the average price for oil in the world will be \$50 per barrel, and according to the last \$100. It turns out that Mexico, which is one of the major oil-producing countries, will prosper given a low price for oil and degrade given a high price. The electronic brains which the Stanford experts used evidently went mad.

Having gained an idea of the procedure of the investigation of the future employed by the American authors, let us turn to the scenarios themselves.

### Scenarios

The essence of the "Official future" is the "triumph of technology". Schematically this appears thus: the might of America is growing; the situation in the poorest countries has improved considerably "thanks to U.S. leadership"; by the end of the 1980's there are 10 million millionaires in the United States; inequality in knowledge, professional skill and income distribution has intensified; embarkation upon the period of the "informed society" has led to a further growth of control on the part of the powers that be over private life; the family as the cell of society has continued to disintegrate; the United States, Canada and Mexico have united in a North American industrial-technological alliance--an international consortium for the development, exchange and export of energy resources, transport services, agricultural products and communications facilities; and the "spread of Soviet ideology has been halted," and "there has been a departure from socialist and Marxist aspirations in the Third World."

The adduced scanty characteristics are of interest primarily from the viewpoint that, according to the authors, it is for such a future that the American ruling elite yearns. All is familiar here. On the one hand an indestructible, fanatical and almost religious belief in the capacity of scientific-technical progress for solving all the acute problems of contemporary capitalist society. On the other, the same imperial ambitions, claims to the leading role in the world, predatory designs in respect of other, particularly neighboring, countries, an endeavor to subordinate their economy fully to the interests of the American monopolies and, finally, unrealizable hopes for the abatement and fading of the revolutionary movement.

All the remaining scenarios are ordered, as already said, according to the twin principle. This is how they should be viewed. The point of departure for scenarios 2 and 3 is the supposition that, having started the 1980's "with enthusiasm and aggressiveness," America will then encounter an aggravation of economic problems: a growth of unemployment and inflation, reduced energy supplies and so forth. True, the negative trend will ultimately be overcome and a further production recession halted, but the volume of GNP will have declined 20 percent. This leads to a decline in the living standard and brings about social disorders: groups of hooligans terrorizing passersby begin to appear in the cities, the Ku Klux Klan and neo-Nazi Party revive their activity and the destruction of synagogues and witchhunts begin.

It continues thus until the majority of Americans is convinced that the sole answer to the increasing disasters is tough leadership. A "strong" president is elected in 1988 who establishes a "semitotalitarian" form of rule, "fundamentally" changing the nature of relations between the executive authority and the Congress. With the help of the National Guard he puts an end by force to all manifestations of disobedience, introduces something akin to forced semislave labor and so forth.\* A natural consequence of the authoritarian rule is a sharp increase in the country's militarization. The U.S. armed forces, according to the scenario, carry out several "successful operations" in the Philippines, Jamaica and Iran, while American intervention in Mexico "prevents Marxists seizing power there."

The fundamental difference between the "Mature order" and "The center holds" scenarios is, according to the authors, the different reaction to the events of the two decades. In the first case "we learn," whereas in the second "we react." Instead of passively looking on as everything goes down the tubes, Americans become aware of themselves as a nation, break through the ideological barriers and adapt to the unpleasant, but not that disastrous changes in the economy. Right and left find something in common and unite in an endeavor to save the country. With the aid of intelligent, balanced measures the administration stabilizes the situation in the economy, consumers behave in disciplined fashion and grow accustomed to thrift and business cooperates splendidly with the unions. Thus whereas in the second scenario an anti-utopia predominates, the third may be termed semi-utopian.

Adding to the initial economic conditions a further 20-30 percent of mishaps, we obtain the basis on which the next two scenarios are constructed. The method is simple here also. We assume that all will become worse--economic recession deeper, greater unemployment, the growth rate of inflation higher, and the oil price on the world market will continue to increase. But this is not all. The most important point is the assumption that society will react extremely passively to the menacing signs of a deteriorating state of affairs and will be enveloped by apathy, depression and pessimism and that in an atmosphere of continuous bad news any defensive measures appear hopeless. Then events will enter the channel of the scenario of "Chronic breakdown," by which is understood "a future without rational planning."

True, this version, which is reminiscent of a natural disaster, has a kind of outward primary source. A certain charismatic Arab leader, bin-Rashad, proclaims a kind of "financial jihad" against imperialism. He declares that hitherto the Arabs have been selling oil, supplying and supporting the greedy and wasteful Western economy, which has paid for it with money which loses its purchasing power faster than the two sides manage to come to an arrangement on prices. In order to put an end to such a situation it is necessary to halve oil production. As a result of the sharp decline in energy consumption the

\* Here and there the American authors express their guesses in respect of everyday details of the future also. One of them is the introduction of a new signet which affords an opportunity of dispensing with carrying keys or cash. Relieved of these burdens, people will be able to wear suits without pockets, which will give them a neater and slimmer appearance, and the main advantage--there would be no reason to fear a mugging.

United States is swept by a wave of bankruptcies, people cannot find jobs, there is a series of catastrophes on the highways... but there is no point describing a picture which is already familiar to us, it is sufficient to take "The center holds" scenario and add to it a decent quantity of black paint.

What is curious in the "Chronic breakdown" is its ending. When the chaos has reached its apogee and a direct threat to the system itself has arisen, the newly elected U.S. President, another strong personality, appeals to the people to avert anarchy, promising to put an end to the disorders with an iron fist. Immediately, like waving a magic wand, the wave of violence drops and is replaced by "quietly bred decadence." People who are finally disillusioned and who have lost any hope of progress retire within themselves and give themselves up to drug addiction or sexual debauch. The economy drags out a miserable existence, catering for satisfaction of the most minimal requirements. America slowly moves toward decline, but still manages to avoid catastrophe.

The reader, however, will recall that precisely such a method of averting the breakdown of all communications and the death of society is envisaged in A. Burgess' "1985," with the difference that there it is a British king which appeals to reason and installs order, and here the U.S. President. The theme of a strong personality who saves a dying civilization is not new either in real life or in political literature. And this also has its intrinsic logic: insofar as it is claimed that the main source of the disasters lies in the human mentality and people's incapacity for confronting negative trends in organized manner, to that extent only a change in the social consciousness is capable, it transpires, of rectifying the situation or at least halting the race to the abyss.

The next scenario ("Apocalyptic transformation"), according to the authors, "illustrates a monumental wave of decisive changes--from collapse, to the deepest economic recession through transformation." In accordance with its appellation, the scenario begins with an apocalypse, albeit, perhaps, incomplete. To the collapse of the economy and the decline of culture in the United States are added here fatal complications in the world arena. To blame for them is, of course, "this insidious Russia," which starts a war in space. The U.S. President gives the order for a retaliatory strike. Although it is possible by way of negotiations to avert a total nuclear war, the panic which has gripped Americans does not abate, and the country essentially descends into a state of total anarchy.

It should be observed that in this case it is not a question of an abstract fantasy--with the reservation, however, that it is not the Soviet Union, which is constantly advocating an agreement designed to prevent this dangerous turn of events, but the U.S. Administration which is planning to start engagements in space. On 23 March 1983 Reagan delivered a speech from which it follows that the United States is hatching plans to deploy in space beam weapons on a special chain of satellites. As always, this intention is justified by "defensive purposes."

However, let us return to the scenario. Who is the savior on this occasion? The role is assigned some Malcolm (Essend), a proponent of "nonmaterialist ethics". This latest messiah does not claim to be creating a new religion and, appealing equally to Christians and Buddhists, Muslims and Jews, he calls on them not to emphasize materialist values but to concentrate on self-improvement and spiritual exertions. Thanks to (Essend), there is a reappraisal of values, and everything more or less settles down.

The authors acknowledge that of all the scenarios this is the most speculative and least likely. However, it contains, as they claim, the key to a decent future, which it is impossible to achieve without a transformation of both social relations and human nature. "Our proposition is thus: in moving toward social collapse in accordance with the 'Chronic breakdown' version we discover that to remove the profound anxiety which has enveloped people what is needed is something more than natural gas or hamburger. The possibility of approaching an understanding of this without serious traumas and crises is unlikely. On the other hand, having experienced them, the deep religiosity of the American way of life is capable of becoming just as dominant a factor as it was at the birth of the nation."

There you have the entire transformation! It is not, it turns out, a question of a reorganization of the antagonistic class structure and the political system and not of the elimination of social inequality but of a return to God as a result of an explosion of religious feeling.

It is well known that divine construction has always been a sign of a loss of political perspective: when classes and social strata which are departing the historical arena fail to see the real way out of the situation, they seek final refuge in an appeal to the Most High. We should point here, however, to one highly essential point. Divine construction and God-seeking at the start of the century and even more so in centuries past was inspired rather by feeling than intellect and was engendered by fear and confusion in the face of incomprehensible social cataclysms. Such an element is present to a certain extent in the God-seeking of the Stanford futurologists also. But it is not feeling which predominates in it but pragmatic calculation. They need God not so much to find salvation or restore to themselves spiritual equilibrium as a means capable of disciplining the unsatisfied consumer. In other words, He acts as a kind of guard of social order. In this case Voltaire's celebrated saying is entirely applicable: "If God did not exist, it would be necessary to invent Him!"

Finally, the two final twinned scenarios. The "Start of suffering" describes a future in which all the worst dangers, with the exception, perhaps, of nuclear carnage, become a reality. The economy virtually does not exist inasmuch as "Islamic terrorists have destroyed the world oil network"; in the United States starvation has begun, fascist bands of "whiteshirts" burn books and universal violence reigns; Europe also is on the eve of complete collapse. This time the authors do not see any way out of the situation even inasmuch as the appearance of a strong president or newly revealed savior is precluded.

Such a way out is outlined in the final scenario--"Living within one's means". Here people have been able to adapt to the unfavorable trends of economic development. Instead of consumption, "personal satisfaction" has become paramount, and the Emersonian ideal of a "modest life and high spirit" has triumphed. In what way has the miracle been accomplished? Thanks, it turns out, to "total decentralization".

The economic chaos caused a weakening of the central authority and the increased autonomy of the states, there was a further isolation of individual areas within the states themselves and more or less self-sufficient communities were formed. It was hard for them initially, but the most negative consequences of the breakdown were gradually eliminated and people became accustomed to living with a modest income and stressed spiritual values and community among themselves. Everything somehow calmed down of its own accord in the international arena also. And as a result of all this America "did not simply survive but was reborn."

It should be said that the idea of decentralization as the sole possible variant of the salvation of Western civilization is now new. We could cite, for example, the arguments of the British theorist N. Parkinson. He would have us believe that Europe's future lies... in the Middle Ages since the system of feudal principalities was, he believes, far better adapted for warding off external economic, ideological and cultural expansion: fortress-states can defend their characteristic structure more vigorously and at the same time come to one another's assistance when the threat of military attack arises.

Whence Parkinson's idea of preserving a national government only for defense purposes, all other questions--security, finance, education, the economy, health care--to be tackled at provincial or even community level.\*

The conservative Parkinson sees as the main point of decentralization defense against external danger, by which is understood not only armed aggression but also the penetration of ideological and ethical values allegedly alien to the West. The Stanford futurologists, on the other hand, see it as a means of overcoming the crisis of the system and of imparting greater stability to it. In their opinion, the clumsy and cumbersome Leviathan is incapable of coping with the new trends threatening America; a flexible political structure consisting of "impenetrable" compartments will possess far greater stability and capacity for adapting to the reality of the 21st century: even if some of them perish, others will be preserved, and the ship will remain afloat.

"We confess," the authors write, "we prefer a decentralized future with a low rate of growth based on renewable energy sources, a future which will cater for a variety of value systems and ways of life." It is essentially a question of a return to the patriarchal past, evangelical commandments and feudal fragmentation. This is a call not forward but back.

\* HERALD TRIBUNE INTERNATIONAL, 16 September 1974.

Such is the content of the seven scenarios. But where is the "conscious building of history" promised by the authors? The final part of the study is designed to answer this question. It amounts to banal advice in the sphere of energy policy (display thrift and an economical approach, develop new synthetic types of fuel, switch industry from oil to coal and so forth) and also to not very original recommendations concerning the creation of a so-called cultural or ecological economy.

Let us sum up. In the course of exposition of the scenarios we have already drawn attention to their contradictoriness, abstract nature, schematic approach, unsubstantiated nature and other essential shortcomings. But the main defect of the methodology of the American futurologists is the most total disregard for the fundamental economic and social factors predetermining the nature and development trends of social systems. Throughout 200 pages there is a complete absence of even a mention of such fundamental sociological categories as ownership, classes and the class struggle. In a word, the authors' arguments are at the pre-Marx level, and in this sense they are considerably inferior to the school in the West's social science which, while by no means identifying itself with Marxism and even at odds with it, employs in one way or another the Marxist methodology of an analysis of social phenomena. "...Many bourgeois theorists in the sphere of philosophy, sociology and political economy," Yu.V. Andropov observes, "have for the most part earned a name for themselves by the fact that they have subsisted on tuning Marx's ideas to their own key."\*

If we once again ponder the content of the seven alternative versions of the future painted by the authors, it is not difficult to see for ourselves that they essentially boil down to two: utopian and anti-utopian. Both, despite the presence of certain sound judgments and guesses,\*\* have nothing in common with science, and they should be treated merely as the reflection of a certain frame of mind.

It is with such an approach that the American futurologists' book is of interest. It is symptomatic because it actually denies the tenets of the prevailing ideology and official propaganda with their inherent principles of wealth, strength, the exclusive role of the United States and so forth. "It is precisely because," the authors write, "that we (that is, American society--G.Sh.) have insisted on preserving a passionate attachment to personal liberty in combination with unchecked wants that we have created a paralyzed society blindly floating with the current in a tempestuous and often dangerous world. If we continue to follow the present course, we will most likely arrive at an increase in authoritarianism and a future threatened by war. If, however, we recognize that freedom is something loftier than the individual's right not to recognize the interests of those around him, we may learn to act together in order to manage our lives better. We may learn to give more and take less."

\* Yu.V. Andropov, "Karl Marx's Teaching and Certain Questions of Socialist Building in the USSR," Moscow, 1983, p 30.

\*\* For example, concerning relations between the USSR and the United States, the authors warn their compatriots against anti-Soviet hysteria and a portrayal of the Soviet Union as the "source of all evils," as Reagan and official American propaganda depicts it. The Stanford researchers reasonably observe that an artificially kindled hatred would destroy America in the same way as the poison of war and lead it to the situation described in Orwell's novel "1984".

Calling for Americans to make a choice "between the interests of the 'mandarins' and the interests of the people," the authors put forward their own "transformatory alternative," which incorporates such values as freedom, social order, diversity, strength, predictability and peace. They compare the positions of the right and left wings of American political life in respect of the topical problems of the country's development and then reduce them to a common denominator; the sought-for alternative is obtained as a result of compromise. It is the same "American dream," but differently understood. The future here is associated not with extravagance but moderation, not with strength but with order. In other words, the dream is more modest (we recall that the scenario regarded as optimal is termed "Living within one's means").

It is not difficult to spot that the "transformatory alternative" proposed by the authors reflects the sentiment of bourgeois scholars who see a possibility of avoiding "universal catastrophes" in the transformation of the tenor of life of capitalist society and the establishment of a new value orientation therein. Despite the outward attractiveness of such ideas, they are without practical meaning and are untenable and utopian. A change in the prevailing system of values and orientations is impossible without a fundamental transformation of social relations, and this is precluded a priori by the authors. For this reason the latest pretentious attempt to offer bourgeois, in this case American, society an alternative proves to be just as fruitless as all previous attempts. Fantasy novels ultimately exist for an exposition of utopias and anti-utopias. Science, on the other hand, can and must use the means of forecasting the future at its disposal not for conjecture but for the search for the most likely course of development predetermined by objective regularities and also the thrust of the actions of the main social and political forces.

What has been said by no means signifies that science assumes the role of Delphic oracle--such an ambition would be excessive inasmuch as the future always contains an element of unpredictability. It means merely that, as distinct from fantasy, which is free to draw dozens of alternative versions of the future, it must determine the most probable of them with regard, of course, for possible appreciable adjustments here to what V.I. Lenin termed the "zigzags of the historical process."

In this connection it is worth saying a few words about the use of the scenario method of study of the future. It appears not only useful but essential. What is understood by scenario and how it is constructed is another matter. In short, the careful methodological development of the scenario method is essential.

We will confine ourselves to a single consideration of a general nature. As is known, while emphasizing the determinate nature of the historical process, K. Marx and F. Engels did not tire of saying that ultimately history is made by people and depends to a tremendous extent on the frames of mind and ideological and political doctrines prevailing in society.

As far as the latest futurological opus that we have examined is concerned, it shows for the umpteenth time that it is impossible to formulate a truly attractive and realistic image of man's future in the positions of a bourgeois world outlook. However many alternatives are invented--7 or 71--they will not help preserve the capitalist system, which has outlived its age. No speculative constructions are capable of halting the objective process of social development and the regularities of the transition from capitalism to socialism on a world scale.

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## BENEFITS TO FRG OF ECONOMIC COOPERATION WITH USSR DETAILED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 83 pp 106-111

[An. Zagorskiy survey: "USSR-FRG Economic Cooperation"]

[Text]

I

In the years that have elapsed since the signing in August 1970 of the Moscow Treaty between the USSR and the FRG economic relations between them have grown and strengthened and become an impressive factor of stability on the European continent. As Yu.V. Andropov, general secretary of the CPSU Central Committee and chairman of the USSR Supreme Soviet Presidium, emphasized in conversation with FRG Federal Chancellor H. Kohl (July 1983, Moscow), the countries "have trodden a considerable and fruitful path of the development of these relations in a positive direction, which would correspond to the interests of all of Europe and the cause of universal peace."

In turn, FRG Federal Chancellor H. Kohl observed: "The benefit from active economic cooperation oriented toward the future and corresponding to mutual interests is not confined merely to an increase in prosperity. Apart from this, we consider cooperation an important and firm basis of stable, fruitful political relations for the long term."

The treaty-legal basis of mutually profitable relations between the countries was considerably expanded and strengthened in the 1970's. Particular significance is attached to the agreement on the development and extension of long-term cooperation in the sphere of the economy and industry, which was signed on 6 May 1978 and which is based on a period of 25 years, and also the long-term program adopted on the basis thereof in 1980.

An important feature of the agreement is its long-term nature. As a USSR-FRG joint declaration of 6 May 1978 emphasized, cooperation between the two countries "should to an increasing extent be oriented toward the long term with a view to an increase in mutual interest in its constant expansion. A substantial material foundation of mutual relations will thus take shape which will extend beyond the confines of the present century and be of benefit to people in both countries." The significance of the signed agreements increases even more under the conditions of the struggle of reactionary forces, which is intensifying in the West, including the FRG, against the expediency of a continuation of the policy of East-West cooperation.

The development of economic contacts between the Soviet Union and the FRG is of a mutually profitable nature. It is making it possible to tackle a whole set of important economic problems, particularly by way of assistance in the creation, expansion and modernization of industrial complexes and enterprises; joint development and the production of certain types of equipment and other products; the production and processing of certain types of raw material, including the development of minerals on the seabed; cooperation in the sphere of power engineering, banking and insurance and transport techniques and in other service spheres; and so forth.

In the 1970's commodity turnover between the countries grew more than twelvefold and in the last 5-year period it doubled, exceeding R6.6 billion in 1982. The structure of reciprocal trade had undergone considerable changes. The leading place in Soviet exports is occupied by oil petroleum products (50.4 percent in 1981). Supplies of natural gas from the USSR have been growing rapidly since 1973. There was a considerable increase in the 1970's in Soviet exports of chemical products.

Soviet machine tools and equipment for mining industry, particularly coal mining, enjoy a good reputation on the FRG market. Soviet hydrofoils, Lada automobiles, aircraft and helicopters, cameras, binoculars and watches have received positive comments. The USSR also exports to West Germany timber, pulp, nonferrous metals, ferrous and nonferrous metal ores, apatite concentrate, vegetable oil, cotton, furs and so forth.

Table 1. USSR's Trade With the FRG (rubles, millions)

	<u>1970</u>	<u>1975</u>	<u>1976</u>
Turnover	544	2,777.3	3,008.8
Exports	223.4	857.9	1,069.2
Imports	320.6	1,919.4	1,939.6
	<u>1977</u>	<u>1978</u>	<u>1979</u>
Turnover	2,967.3	3,304.2	4,246.6
Exports	1,222.7	1,362.6	2,005.9
Imports	1,744.6	1,941.6	2,240.7
	<u>1980</u>	<u>1981</u>	<u>1982</u>
Turnover	5,780	6,009.3	6,629.7
Exports	2,859.4	3,387.9	3,796.6
Imports	2,920.6	2,621.4	2,833.1

Source: "USSR Foreign Trade. 1922-1981," Moscow, 1982, p 13; VNESHNYAYA TORGOVLYA No 3, 1983, appendix.

Despite the fact that the USSR's share of total West German imports constitutes 3 percent, with respect to a number of commodities the Soviet Union occupies significant positions on the country's market. Thus back in 1979 its share of asbestos and natural gas imports constituted 20 percent, lumber 13 percent, apatite concentrate 17 percent and so forth.<sup>1</sup>

The leading place in Soviet imports from the FRG is occupied by machinery, equipment and transport facilities. West German firms supply metal-cutting machine tools, composite transfer lines, forging-pressing and metallurgical equipment and equipment for light, food, textile, wood-processing and furniture industry.

Large-scale agreements on supplies to the USSR of complete-set equipment and the construction of large-scale facilities have become a firm part of the practice of Soviet-West German cooperation. Thus importance is attached to the general agreement concluded in 1974 on the construction in the Kursk region of the Oskol'skiy Electrometallurgical Works, at which the direct-reduction technique (according to the Midland-Ross method) will be employed. The capacity of the works is 5 million tons of metallized pellets and 2.7 million tons of high-grade sheet and merchant rolled metal per year.<sup>2</sup>

The works is being erected with the use of technology and equipment of such firms as Korf-Stahl, Salzgitter, Fried. Krupp, Schleemann Zimag, Friedrich Ude, DEMAG and Siemens using Soviet equipment and computers. Contracts were concluded at the end of 1981 for the supply of equipment for the first stage of the Oskol'skiy Electrometallurgical Works totaling over R400 million.

A large-scale agreement was signed in 1976 on cooperation in the installation in the USSR of a complex for the production of polyethylene fibers and raw material for their production and on barter supplies of chemical products. Contracts have been signed within the framework of this agreement with FRG firms for the supply in the period 1978-1985 of equipment totaling over R350 million.

A principal direction of long-term Soviet-West German cooperation is power engineering. Following the conclusion in 1970, 1972 and 1974 of the appropriate agreements, supplies of Soviet natural gas amounted to 10 billion cubic meters in 1980. Altogether the FRG will have obtained approximately 275 billion cubic meters of gas before the end of the century. In accordance with an agreement signed in November 1981, the sales volume will increase. Equipment for the construction of the Urengoy-Uzhgorod export gas pipeline is being manufactured by West German firms also.

In 1979 the Soviet Union received 66 percent of all large-diameter pipes produced in the FRG. The order for equipment for the Urengoy-Uzhgorod gas pipeline is ensuring a high level of employment for the AEG-Kanis firm.

Cooperation is also developing successfully. Joint production and marketing of metal-cutting machine tools, textile equipment, presses, transit concrete pumps and sewing machines is undertaken with a number of firms. Twelve such agreements had been signed altogether by the start of the 1980's. An agreement on the removal of dual taxation (November 1981) is also designed to contribute to the further development of production cooperation.

New organizational forms of trade appeared in the 1970's. In particular, companies were created in the FRG with the participation of Soviet foreign trade organizations for better consideration of the demands of West German customers. Seven such companies operate in the FRG currently, and 32 West German companies have their own offices in Moscow.

Benefits from cooperation with the Soviet Union are enjoyed not only by large-scale but also small and medium enterprises of the FRG. Thus almost 40 large, medium and small enterprises participated in supplies of engineering products for the Kama Association for the production of large-capacity motor vehicles. Whereas in the mid-1970's 1,200 medium and small West German firms maintained business contacts with Soviet foreign trade organizations, by the end of the decade their number had risen to 1,600 and by the start of the 1980's to almost 2,000.

Table 2. Exports From the USSR to the FRG (rubles, millions)

	<u>1970</u>	<u>1975</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>
Machinery, equipment and transport facilities	25.7	24.9	41.3	25.8	34	24.7	19.3	16.2
Oil and petroleum products	79.6	475.3	576.8	683.2	640.7	1,146.6	1,604.2	1,706.4
Natural gas	--	55.6	90.8	145.6	320.4	386.4	728.3	1,189.3
Chemical products	7.4	19.4	34.8	36.9	48.1	106.5	104.2	117.5

Source: "USSR's Foreign Trade 1922-1981," Moscow, 1982, p 91, 119, 121, 127.

All this confirms the mutually profitable nature of economic cooperation between the two countries. "Soviet orders and joint large-scale projects are providing thousands and thousands of jobs in the FRG, not to mention the purely commercial benefits," USSR Foreign Minister A.A. Gromyko observed during his visit to Bonn in January 1983. "They also correspond to the interests of the Soviet Union's national economy."

## II

However, the possibilities of the development of mutually profitable cooperation between the two countries are still far from exhausted. The FRG's share of the USSR's foreign trade in 1982 constituted 5.5 percent, while the Soviet Union's share of West German foreign trade was approximately 2.6 percent. Of course, this is far from the limit for two countries with a highly developed economy. Furthermore, the structure of exports from the USSR does not yet correspond to the possibilities of the country's national economy. The proportion of machinery, equipment and transport facilities constituted only 0.5 percent of Soviet exports to the FRG in 1981. This was connected not only with the rapid increase in supplies of oil, petroleum products and gas but also with an absolute decline in the export of commodities of this group since 1978.

Such a situation was caused by the fact that a number of Soviet-made goods fails to correspond fully to the demands of the West German market. Thus certain engineering products, primarily office and household machinery, do not find a market owing to a failure to correspond to the demands made on design, productivity or outward appearance. Under the conditions of sharpening competitive struggle these factors are being reflected increasingly in the development of Soviet exports to the FRG.

A joint communique of the 11th session of the USSR-FRG Commission for Economic and Scientific-Technical Cooperation (12-13 October 1982) pointed to certain reserves of an intensification of mutual trade. Primarily the development of cooperation in the sphere of machine building and power engineering. Cooperation in the use of nuclear energy for peaceful purposes, economies in fuel and energy and other material and production resources and in the development of coal-liquefaction technology is also promising. The USSR Food Program, which was adopted in May 1982, affords additional opportunities for the two countries' cooperation.

However, the development of trade-economic relations with the USSR is being held back by the FRG's use of discriminatory measures. Thus quantitative restrictions on goods imported from the socialist countries cover 7 percent of the assortment (roughly 700 commodity items). The real losses from these measures are far greater inasmuch as they affect precisely the product list in respect of which there is considerable export potential in the CEMA countries. Artificial barriers extend to approximately 20 percent of FRG imports from these states.<sup>3</sup>

On 15 March 1982 the ministers of economy and finance of the Community countries adopted a decision to reduce by 50 percent compared with 1980 imports of certain commodities from the USSR for which there are quotas (40 items) and by 25 percent imports of a number of products to which liberalization had been extended (18 items). There are also other restrictions on FRG imports and exports in trade with the socialist countries. Thus although West German exports are to a considerable extent exempt from the need to obtain special licenses, nonetheless, for a number of commodities the exporter has to have authorization for supplies to the socialist countries. Lists of restrictions coordinated within the framework of the COCOM, which bans exports of "strategic" commodities to the USSR, are, as before, used in trade with the USSR.

Under the conditions of increasing protectionism a subject of particular criticism in the FRG are barter agreements. Thus one encounters the proposition that commodities entering the country in accordance with barter agreements. Thus one encounters the proposition that commodities entering the country in accordance with barter agreements are increasing competition and thereby forcing West German firms to limit their exports to the Soviet Union. As a result, as a publication of the Ministry for Economics observes, "barter demands are complicating West German enterprises' business relations with the East and reducing their interest in Eastern trade."<sup>4</sup>

But, as is known, the Soviet side has never imposed terms of bater agreements on West German firms which are unfavorable to them. The list of suggested spheres of cooperation is so great that the partners from the FRG may comfortably chose the areas which interest them most. Furthermore, Soviet foreign trade establishments do not demand that all large-scale deals without exception necessarily be effected on a barter basis. For example, the supply of equipment and the granting of services for the construction of the Oskol'skiy Electrometallurgical Works are being paid for in cash.

The contract for supplies of Soviet gas to the FRG, which is a part of the all-European "gas for pipes" project, serves as confirmation of the mutual profitableness of cooperation on a barter basis. The USSR is purchasing, in the FRG included, large-diameter pipes, compressor stations and other equipment for the construction of the gas pipeline.

"The signing of these contracts was testimony to the realistic nature of the FRG's positions in a sober approach to questions of cooperation with the Soviet Union," USSR Foreign Trade Minister N.S. Patolichev observed. "Accumulated experience has shown the FRG business world that it is profitable to trade with the Soviet Union and that this trade helps not only tackle the always acute problem of marketing and obtaining the commodities necessary for the economy but also contributes to loading production capacity...."<sup>5</sup>

The importance of such cooperation was described extremely eloquently by O. Wolf von Amerongen, president of the West German Trade-Industrial Association: "When the deal involving the exchange of pipes for gas (he refers to the agreements of the start of the 1970's--An.Z.) was concluded, some critics declared that we would be supplying the Russians with our good pipes in exchange for gas costing considerably less. Now we are happy not only because we can supply the pipes but also because we are obtaining gas in order to have the opportunity to vary our imports more."<sup>6</sup>

It is well known what significance foreign trade has for the FRG's economy. Some 30 percent of the country's GNP is sold on the world market, and in engineering this proportion amounts to 70 percent. Some 5.8 million West German workers (one out of every four) work for exports. The significance of this factor for the West German economy is also emphasized in a circular sent by the federal government to the FRG's diplomatic representations abroad in the spring of 1983. It points, in particular, to that fact that overcoming the economic crisis and combating unemployment would be complicated considerably given the unfavorable development of the country's foreign trade.

But it is in precisely this sphere that the forecasts for the FRG are highly unfavorable. In 1982 the rate of development of its exports fell markedly, while exports in real terms increased 2 percent (5 percent in 1981), and imports 1 percent (they had even declined 4 percent in 1981). In the first three quarters of 1982 alone the export orders of West German industry declined 15 percent.<sup>7</sup> This trend continued at the start of 1983 also. Things are worst in the sectors producing equipment, which account for more than half of exports. The decline in export orders has been most significant here.

All this is leading West German specialists to conclude that exports, which earlier were the main stimulator of business conditions, are not now performing their earlier role. "There is currently no hope that exports will ease the factors impeding business conditions or, even less, get them going." O. Wolf von Amerongen observes.<sup>8</sup> In this situation there is increased significance in the stable markets of the socialist countries, primarily the USSR, which is willingly purchasing West German machinery and equipment. Under the conditions of unstable world business conditions this cooperation is a substantial contribution to the stabilization of the international economy. The continuing economic recession in the West's industrial countries makes the FRG's cooperation with the socialist states even more essential, G. (Dettse), its chief editor, writes in the journal OST-WEST-KOMMERZ.

### III

The increase in protectionist trends in the FRG's trade policy is occurring against a background of the complicated situation in the world. The opponents of detente bestirred themselves considerably on the eve and at the outset of the 1980's. "They frequently attempt to use economic relations with us as a means of political pressure," the 26th CPSU Congress observed. "Surely this is indicated by the all kinds of bans and discriminatory restrictions in trade with this socialist country or the other."

The repeated attempts by the United States to employ economic "sanctions" against the USSR and involve its West European partners in them cannot fail to be reflected in the entire complex of East-West relations. "The attempts of governments of the said (development capitalist--An. Z.) countries to increase tension in the world, hold back the detente process and put trade and other forms of economic relations at the service of their aggressive foreign policy are seriously undermining international economic cooperation," the memorandum of the USSR delegation to the 15th UNCTAD Session (September 1982, Geneva) "Impediments to the Development of Current International Trade-Economic Relations" emphasizes.<sup>9</sup>

For this reason it is not fortuitous that questions of the development of East-West trade-economic relations proved to be at the center of the ideological struggle surrounding problems of the relaxation of international tension at the start of the 1980's. They also became the subject of acute disagreements within the NATO bloc, primarily expressing certain contradictions between the interests of the United States and the West European countries. These contradictions were aggravated particularly in 1982, when the Reagan Administration increased pressure on the allies, attempting to impede realization of the "gas for pipes" agreement.

The main subject of disagreements in relations between the FRG and the United States on the question of economic cooperation with the USSR were the necessity and expediency of the "sanctions" adopted by Washington. The FRG considered them pointless from the viewpoint of influencing the Soviet Union. "A country which can build satellites and put them into orbit," O. Lambsdorff, minister for economics of the FRG, said, "is also perfectly capable of producing rotors and turbines for gas compressor stations."

Such a negative attitude toward a variety of "sanctions" is not fortuitous in the FRG. In December 1962 the K. Adenauer government vetoed the fulfillment of an agreement on supplies of 163,000 tons of steel pipes to the Soviet Union. However, the main victim proved to be West Germany itself. The production of West German pipes declined 5 percent in 1963, and the Mannesman concern lost orders worth DM80-100 million. These orders were fulfilled by the firms of other capitalist countries--Britain, Sweden and Japan. The production of large-diameter pipes was expanded in the Soviet Union itself.<sup>10</sup>

All the more cautious now is the attitude of people in the FRG toward such suggestions emanating from Washington, which is ready to sacrifice its allies' interests for the sake of satisfying its ambitions. "...The Americans would suffer less from a reduction in trade with the East than us," O. Wolf von Amerongen declared. "From the purely economic viewpoint a balanced distribution of the burden would not be achieved."<sup>11</sup> As West German specialists have calculated, a boycott of the USSR would cost the FRG DM16 billion in direct losses, and almost 500,000 workers would lose their jobs.

Washington did not succeed in gaining FRG support for its 1982 "sanctions" in respect of supplies of equipment for the construction of the gas pipeline in the USSR, although it was precisely the FRG which was regarded by American ruling circles as a principal link in the chain of "sanctions". The United States, as the Dutch newspaper FREI NEDERLAND, which published extracts from the secret report "Alternative Strategy for Gas in West Europe," which was prepared on the orders of the Pentagon wrote, "should put pressure on West Germany for it to turn for gas to its neighbors and not the Soviet Union."

In October 1982, less than a week following the election of the new FRG chancellor, Washington imposed sanctions against West German firms, two of which (daughter firms of Mannesman) had absolutely no connection with the gas pipeline which is being built. "R. Reagan's decision amounts to actions which can only be regretted," O. Lambsdorff emphasized. "...Proceeding from present experience, FRG businessmen will have to ponder whether in the future they should risk purchasing American licenses." Having encountered an emphatic rebuff on the part of the FRG and other West European countries, President Reagan was forced in November 1982 to lift the ban on supplies of oil and gas equipment to the USSR.

The comparatively unanimous reaction in the FRG to the American "sanctions" does not mean that there are no supporters in the country of a "tougher" policy in respect of the Soviet Union. Thus the weekly BAYERNKURIER, the spokesman for the Bavarian CSU, actively supported the American embargo policy, accusing the social democrats of violating Atlantic solidarity. The position of this press organ is understandable inasmuch as the CSU generally calls in question the expediency of a continuation of the policy of cooperation with the socialist states. The basic directions of the election campaign drawn up for the recent elections to the Bundestag of the CSU's Land group also testified to this.<sup>12</sup>

Various "scientific" works also appeared. Thus K. Kaiser, director of the German Foreign Policy Society Study Institute, participated in the preparation of a report whose authors recommend that the governments of capitalist countries review their trade policy in respect of the socialist states in the direction of toughening it.

It is not fortuitous that the opponents of detente policy are paying so much attention to questions of economic cooperation with the USSR. After all, the development of mutually profitable relations is strengthening the parties' interest in a continuation of the detente process. As (Yu. Netsol'd), well-known specialist on East-West economic cooperation, declared: "The first half of the 1970's showed that the processes in the economic and political spheres and also in the sphere of security policy form the basis of detente in Europe. The expansion of economic relations in the 1970's led to the emergence of a certain level of interweaving between East and West which manifestly contributed to the continued preservation of interest in detente in Europe, despite the unsatisfactory development of events in the sphere of security policy...."<sup>13</sup>

The supporters of the continued development of business cooperation with the USSR justify their position by, *inter alia*, the fact that it forms the material basis for detente in Europe. Developing as a consequence of the normalization of political relations between states, it at the same time stimulates their further improvement. But it has been precisely against the role of economic cooperation as a stimulus of detente that the supporters of a "hard line" in respect of the USSR have inveighed. Such trends are present in the FRG also, although they are undoubtedly not manifested in such sharp forms as in the United States.

The position of the West German leadership manifests the specifics of a country which is really interested in continued cooperation with the USSR both for economic and political considerations. However, negative trends in the policy being pursued are underpinning the inconsistency and contradictoriness of its course. American pressure is reflected here also. For this reason, while rejecting the possibility of the effective use of economic "sanctions," FRG ruling circles are demonstrating a readiness to agree to concessions to the United States and to toughen their policy in respect of the socialist countries. This is creating additional impediments in the way of the expansion and intensification of mutual profitable economic cooperation between the USSR and the FRG.

It should also be considered that the spurring of tension and the general destabilization of international relations cannot fail to influence the development of trade-economic cooperation. It was emphasized in the course of the Soviet-West German negotiations in July 1983 that only under conditions of peace and the strengthening of trust between states could cooperation in all spheres, including the sphere of trade-economic relations, develop successfully.

As a meeting of the CPSU Central Committee Politburo observed, the realization of NATO's plans to deploy new American missiles in West Europe will seriously complicate the international situation and have a negative effect on Soviet-West German relations.

As is known, the Soviet Union proceeds in its policy from the fact that the economic cooperation of states with different socioeconomic systems is not a one-way street. It is profitable to both sides. Graphic confirmation of this is the level of cooperation which has already been reached between the USSR and the FRG. The Soviet Union and the FRG, Yu.V. Andropov observed in the final conversation with Federal Chancellor H. Kohl, "have in preceding years succeeded as a whole in finding a common language and finding solutions to problems which arise suitable to both parties. This experience is our joint property. It is important that it not be wasted in the present complicated international atmosphere."

#### FOOTNOTES

1. Yu.M Krasnov, "Foreign Economic Strategy of the FRG Monopolies," Moscow, 1981, p 206.
2. "For the Materialization of Detente," Moscow, 1980, p 147.
3. See MEMO No 9, 1980, p 96.
4. "BMWI. Studienreihe 29," Bonn, 1980, p 18.
5. VNEYSHNYAYA TORGOVLYA No 7, 1982, p 4.
6. KOELNER STADT-ANZEIGER 21 March 1980.
7. WIRTSCHAFT UND STATISTIK, Brochure 2, 1983, p 92; WIRTSCHAFTSDIENST No 11, 1982, p 522.
8. AUSLANDSKURIER, February 1983, p 8.
9. VNESHNYAYA TORGOVLYA No 10, 1982, cover, p 1.
10. See I.S. Kremer, "The FRG: Domestic Policy Struggle and Foreign Orientation," Moscow, 1977, pp 217-218.
11. KOELNER STADT-ANZEIGER 21 March 1980.
12. See BAYERNKURIER 9 January 1982; 15 January 1983.
13. AUSSENPOLITIK, Brochure 4, 1981, p 380.

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USSR-GDR-FRG SCHOLARLY CONFERENCE ON GLOBAL PROBLEMS HELD

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 9,  
Sep 83 pp 139-141

[V. Vaulin report: "Present-Day Global Problems and the Working Class"]

[Text] The second scientific symposium on the subject "Present-Day Global Problems and the Working Class" was held 8-9 June in Berlin. Scholars of the USSR Academy of Sciences Institute of World Economy and International Relations, the Institute of World Politics and Economics (GDR) and the Institute of Marxist Studies (FRG) and also representatives of various research centers and universities of the GDR participated.

The forum enabled Marxist scholars to exchange opinions on the causes, essence and nature of the manifestation and consequences of global problems with regard for the need for the development of a general democratic program of their solution.

The symposium was opened by the paper from Prof M.M. Maksimova, doctor of economic sciences (USSR), "Global Problems and Social Progress," which set forth the basic propositions of the Marxist-Leninist concept of global problems affecting the interests of all mankind and showed their connection and interaction with social process under the conditions of socialism and capitalism. The speaker paid particular attention to the position of the CPSU and the fraternal communist and workers parties of the socialist community countries in respect of global problems of world development, emphasizing the significance of the Peace Program formulated by the 24th-26th CPSU congresses, the constructive proposals contained in the speeches of Comrade Yu.V. Andropov on ensuring international security and the organization of broad international cooperation in the sphere of the solution of urgent human problems (energy, food, ecological and others). Although, the paper observed, the complete solution of global problems is possible only given the victory of communism on a world scale, this by no means signifies a renunciation of the search for the means and methods of achieving the said goal under the conditions of the peaceful coexistence of states belonging to the two opposite socioeconomic systems. A most important prerequisite of success on this path is the speediest return to international detente and the mutually profitable cooperation of states in various spheres.

The paper of M. Schmidt, director of the Institute of World Politics and Economics (IPV) (GDR), "Global Problems and International Relations," emphasized that global problems, which have become a sphere of acute class confrontation, are manifested not only in the sphere of economies and ideology but also in the sphere of actual policy. Objective conditions of the solution of global problems are the relaxation of tension, the peaceful coexistence of states and equal international cooperation. The speaker noted the particular significance in the existing complex international situation of the problem of war and peace.

This question was further revealed in the paper of Candidate of Historical Sciences N.S. Kishilov (USSR), "Problems of War and Peace. Averting a Thermonuclear Catastrophe--Most Important Present-Day Task". The speaker revealed the objective prerequisites and possibilities of averting a world thermonuclear war, paying particular attention to the problem of limiting the arms race on the European continent as a central direction of the struggle to avert war.

Delivering the paper "Capitalism and Global Problems of Mankind," L. (Mayer (GDR), director of the (IPV), described the negative role being performed by present-day capitalism in the solution of the urgent problems of mankind. The speaker observed that, endeavoring to adapt to the new situation brought about by the exacerbation of global problems, the developed capitalist states are pursuing a more subtle policy in respect of various groups of developing countries.

V.G. Vaulin (USSR) showed in the paper "Present-Day Global Problems, the Developing Countries and a New International Economic Order" that the roots of the developing countries' socioeconomic backwardness are to be found in their colonial past and the current neocolonialist policy of imperialism. He gave an assessment of the position of the socialist countries and the countries of the West in respect of the basic provisions of the program of a new international economic order and determined the tasks confronting the emergent countries for its achievement.

E. Gertner (FRG) presented the paper "Analysis and Critique of Bourgeois Global Models," in which he thoroughly analyzed the methodological aspects of bourgeois author's building of world development models and also the conclusions based on their quantitative evaluation (the dynamic models of Forrester and Meadows, the hierarchical model of ((Mesarovich)) and ((Pestel')) and the model "The World in the Year 2000," which was developed in 1980 by the Council for Environmental Quality and the U.S. State Department). On the basis of specific material the speaker showed the groundlessness of many conclusions of these models based on the class principles of current bourgeois futurology.

Prof E. Rechtziegler (GDR) examined in the paper "The Global Energy Problem" the nature of the energy problem and the specific features of its manifestation under the conditions of capitalism and socialism and specific ways of solving it.

Candidate of Economic Sciences R.R. Simonyan (USSR) raised in the paper "Global Problems and Natural Resources (Raw Material, Food)" a number of questions connected with an analysis of the causes of the emergence, essence and nature of the problems of natural resources. The speaker examined the objective prerequisites and role of international cooperation in the solution of the global problems of natural resources.

Prof L. Peter of Bremen University (FRG) emphasized in the paper "Problems of Technical Progress and the Labor Process Under Capitalism" that the negative consequences of scientific-technical progress under the conditions of capitalism are confronting the workers' movement and other progressive forces of the capitalist countries with important new tasks. Important for the worker's movement under current conditions, the speaker concluded, are alternative programs providing for the use of scientific-technical progress in the interests of the working people, limitation of private capitalist ownership and elimination of the power of big capital.

The paper of G. Lange (FRG), "Problems and Possibilities of the Socialization of Scientific R&D," observed that under the conditions of the expanded scale and increased significance of scientific R&D in the FRG the trade unions, workers' movement and progressive students of this country are faced with the task of establishing close contacts with the representatives of science on the basis of the development of the democratic forces' scientific policy. This policy, the speaker believed, should provide for ways and means of establishing and exercising on a national scale democratic control for the existing system of scientific research.

J. Reusch (FRG), deputy director of the Institute of Marxist Studies, presented the paper "Global Problems as the Driving Force of Internationalization of the Class Struggle and New Social Movements". The new tasks which have confronted the FRG workers' movement in connection with the exacerbation of global problems, the report noted, demand the development of a scientifically substantiated strategy encompassing all the democratic forces of this country. Describing the current peace movement in the FRG, the speaker noted its antimilitarist, pacifist thrust, although predominant therein are representatives of the middle strata which do not always share the Marxist-Leninist analysis of the causes of the arms race and increased international tension.

The paper "The Positions of the Communist Parties of the Capitalist Countries on Present-Day Global Problems," which was delivered by Doctor of Economic Sciences S.N. Nadel' (USSR), paid the main attention to the democratic alternative to the state-monopoly approach to the solution of acute world problems. The speaker described in detail the provisions of the programs of the communist parties of countries of the West related to the struggle for peace, disarmament and the relaxation of international tension and the solution of problems of power engineering, food, environmental protection and surmounting the backwardness of the developing countries. Communists connect a true solution of global problems in the interests of the working people, the report emphasized, with profound democratic transformations of bourgeois society opening the way to the building of socialism.

The paper of G. Boehmer (FRG), "The Contribution of Democratic, Economic and Social Policy to the Solution of Global Problems," cited as a most important prerequisite of their solution the development of an antimonopoly strategy of the way out of the crisis and a turn toward social and democratic progress. He noted the reactionary and antihumane nature of the concepts of a solution of global problems proposed by the monopoly bourgeoisie and, particularly, the present U.S. Administration. The speaker pointed to the need for the close interconnection of measures of democratic, social and economic policy aimed at the solution of both global and domestic problems.

The debate which followed the papers dealt with questions connected with an evaluation of the character, nature and origin of individual global problems and their different manifestations and dissimilar consequences under the conditions of socialism and capitalism. There was a thorough exchange of opinions concerning the leading theoretical developments in the world in the sphere of global studies. The speeches of the participants in the debate analyzed the probable direction of the evolution of global problems over the long term and the possibilities of their solution under the conditions of the coexistence of two opposite socioeconomic systems. Considerable attention in the course of the discussion was paid to the central problem of mankind--that of war and peace--and the closest connection of the solution of the energy, ecological, food and other global problems with ensuring peace and international security was emphasized. A large place in the discussion was occupied by questions of the antiwar movement in the West European countries in the light of the proposed deployment on their territory of new American nuclear missiles and also the increased threat of these actions to the security of peoples of the world.

At the end of the symposium the participants expressed a common opinion concerning the usefulness of such international meetings and the expediency of their continuation. The leaders of the GDR and FRG delegations gave notice of their intention to publish the material of the symposium in their countries.

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BOOK ON BULGARIAN AGRO-INDUSTRIAL INTEGRATION, TIES TO USSR REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNYYE OTNOSHENIYA in Russian No 9,  
Sep 83 pp 144-146

[A. Ganev review: "USSR-People's Bulgaria: Improvement of Economic Interaction"]

[Text] The complex processes characteristic of the current stage of the development of world economic relations have raised particularly pointedly the question of ways to solve a number of large-scale socioeconomic problems, including the food problem. Trends toward protectionism and attempts to shift the burden of surmounting domestic difficulties onto other states are increasing in the capitalist countries, as a rule. The socialist countries, primarily the members of CEMA, are endeavoring to tackle the new tasks connected with the transition to the intensive type of reproduction under the conditions of certain changes in the world economy by means of mutually profitable cooperation on a bilateral and multilateral basis.

A striking example of this approach is the cooperation of the Soviet Union and the People's Republic of Bulgaria in the agro-industrial sphere. On the one hand it constitutes an organic part of the multilateral interrelations of the community countries in the solution of the food problem, on the other, it is supplementing these relations with measures reflecting the specific interests of the two fraternal states. In this sense a study of Soviet-Bulgarian cooperation enables us to gain an idea of the strategy, forms of organization and mechanism of agro-industrial cooperation among the CEMA countries as a whole and possible prospects of its improvement under the changed internal and external conditions. All this imparts particular relevance to the monograph in question,\* which was prepared by a joint Soviet-Bulgarian group of authors.

The first two chapters of the work examine the basic prerequisites of the development of the cooperation of the USSR and Bulgaria in sectors of the agro-industrial complex (AIC): natural-climatic, production-structural

\* "Agropromyshlennaya integratsiya: opyt sovetsko-bolgarskogo sotrudничества" [Agro-Industrial Integration: Experience of Soviet-Bulgarian Cooperation]. Under the scientific editorship of Ye.V. Rudakov, Moscow-Sofia, Ekonomika-Zemizdat, 1982, p 191.

and planning-organizational. Purposeful use of the differences which exist in the natural conditions and the production structure is making it possible to increase the complementariness of the reproduction processes in both countries' AIC, while the rapprochement of the forms and methods of the planning and management of the sectors of these complexes at the micro- and macrolevels creates the organizational basis for the coordination of their agrarian policy. This coordination, the authors believe, could contribute to the emergence of different forms of territorial international AIC ensuring the rational use of the two states' aggregate resources for the achievement of the scientifically substantiated dietary norms accepted therein (p 17).

The main place in the book is occupied by the third and fourth chapters, which are devoted to the development of the cooperation and integration of the USSR and Bulgaria in AIC sectors and the special mechanism of regulation of their interrelations. The trends of an improvement of the most large-scale form of cooperation--foreign trade--and the successes in its development connected with the complementary nature of the two countries' AIC are examined in detail. At the end of the 1970's the product of this complex accounted for approximately 20 percent of the trade of the USSR and Bulgaria, and the Soviet Union received approximately 50 percent of Bulgaria's agrarian-food exports (p 58). At the same time considerations of an improvement in the structure of the latter are expressed.

The authors provide a sufficiently full picture of the evolution of the scale and directions of our countries' science-production interaction in agriculture and fishing, food industry, agricultural and food machine building and the agrochemical and microbiological sectors. The main forms of cooperation are examined: specialization and cooperation in scientific R&D and production; technical assistance and supplies of complete-set equipment for various facilities and joint construction; coordination of capital investments; and so forth.

Cooperation of a scientific-technical nature has developed most successfully in the production and processing of agricultural and fish raw material. The scale of production relations, however, is limited. Only in recent years has there been a start made on the process of the growth of scientific-technical relations in these sectors in a single system can be ensured, the authors believe, by way of a gradual standardization of techniques and forms of organization at all stages of reproduction of the basic types of food. Coordination of the comprehensive standardization of the production of the latter (from seeds and planting material through the system of industrial techniques of the production and the techniques connected therewith of the processing of raw material and the corresponding systems of industrial and chemical agents) could be an important step in this direction. The development of such programs is already under way both at the national level and in the CEMA authorities (pp 82, 92).

In the machine-building and chemical sectors of the AIC the two fraternal countries' science-production cooperation is of a more large-scale and profound nature, including even the organization of direct relations between enterprises (in agricultural machine building, for example). The monograph

examines the big possibilities of its intensification which will open up prior to 1990 within the framework of implementation of the Master Outline of Specialization and Cooperation (MOSC) of the USSR and Bulgaria in the material production sectors and in a number of long-term goal-oriented programs of the CEMA states' cooperation (LGPC), in agriculture and food industry included. The Soviet-Bulgarian MOSC was the first such program, and its experience was used in the development of long-term programs of the Soviet Union's cooperation with other socialist community countries.

The interconnected implementation of the MOSC and the LGPC could in the long term, the authors believe, create the prerequisites for the formation of interstate structures in the agro-industrial sphere and subsequently a sectorial and territorial structure, uniform in its basic components, of a regional system of the international division of labor and a kind of international CEMA AIC (p 134).

The experts justifiably consider an essential condition of the realization of this an improvement in the mechanism of cooperation both in bilateral relations and within the CEMA framework as a whole. It should unite all forms of communication in a single system aimed at the maximum use of the community's aggregate resources for increased collective self-sufficiency in food and the mutually profitable optimization of the structure of the countries' AIC within the framework of a common international complex. The author's conclusion concerning the expediency of the conversion of the system of forms of joint planning activity of the CEMA states (consultations, forecasts, coordination of 5-year plans, concerted plan of multilateral integration measures) into a system of coordination of the main questions of the development of national AIC and the formulation and implementation of the corresponding general strategy appears justified here. A particular role here could be performed by the MOSC and LGPC and also other joint long-term measures developing them.

The reorganization of planning-coordinating instruments of the cooperation mechanism according to the program-goal principle is bringing about a corresponding improvement in its commodity-money and organizational-legal instruments. Interesting in this connection are the author's proposals, based on an analysis of the cooperation programs, concerning a solution of questions of price-forming with respect to agrarian-food commodities on the CEMA market based on the contracts and agreements ensuing from the MOSC and LGPC; concerning the functions, amounts, formation procedure and use of the assets of the CEMA goal-oriented fund for financing the measures ensuing from these programs in particular and from the joint strategy of the community countries in the agro-industrial sphere in general (pp 143-144); and concerning a comprehensive international institutional system for controlling the fraternal countries' agro-industrial interaction (p 152).

Questions of bilateral relations of the USSR and Bulgaria in the agro-industrial sphere with other socialist states and with the developing and developed capitalist countries are examined in Chapter 5 from the viewpoint of the achievements and problems of Soviet-Bulgarian cooperation. Particular attention is paid to the possibilities of an expansion of relations with the

young national states, within the framework of such comprehensive forms as long-term trade agreements, barter deals, the creation of joint trade-production companies and such included.

Many of the authors' conclusions and suggestions are confirmed by the practice of recent years, particularly the adoption of the Food Program in the USSR, the experience of an improvement in the economic mechanism within the framework of Bulgaria's National Agro-Industrial Union and the development in the CEMA bodies of a new set of measures for cooperation in the food sphere. At the same time, however, a number of propositions put forward in the work has been argued, we believe, in insufficient detail (concerning, for example, a CEMA AIC and a new institutional system in this sphere), and certain important aspects of Soviet-Bulgarian relations have proved to be beyond the purview of the authors (primarily the socioeconomic consequences of cooperation) or have not been illustrated fully (the impact on the interaction of the two systems of recent changes in the world economic situation).

In conclusion it should be emphasized that questions of the practical application of the principles of socialist internationalism, equality and mutual benefit for the solution of a key present-day socioeconomic problem are diversely reflected in the monograph in question. The book will undoubtedly be of use to a broad range of specialists in questions of the world food problem, the development of agro-industrial complexes of the socialist states and their cooperation and integration and also relations in this sphere with other countries.

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### THREE BOOKS ON SOCIALIST-THIRD WORLD ECONOMIC TIES REVIEWED

Moscow MIROVAYA EKONOMIKA I MEZHDUNARODNNYE OTNOSHENIYA in Russian No 9, Sep 83 pp 147-149

[A. Bel'chuk, Yu. Levin review: "Importance Sphere of Economic Relations"]

[Text] The strengthening and development of the world socialist system of the economy and the increased role of the emergent states in international relations are creating a realistic basis for the development of new trends in the international division of labor and for the extension and expansion of the developing countries' economic cooperation with the socialist states and are contributing to a reorganization of the outdated system of world economic relations.

Performing their international duty, the socialist community countries are rendering states which have embarked on the path of independent national development considerable assistance. The socialist countries' assistance is contributing to the young states winning true economic independence and limiting imperialism's possibilities of employing means of economic pressure on the developing world. One reaches such conclusions from a reading of three works of Soviet economists investigating highly topical questions of the economic cooperation of the socialist and emergent countries.\*

The analysis of the USSR's economic and technical cooperation with the socialist states and also with individual industrially developed capitalist countries along USSR State Committee for Foreign Economic Relations lines which is contained in the first of the said publications is very fruitful. On the basis of a large amount of factual material the book, which is timed to coincide with the 25th anniversary of the USSR State Committee for Foreign

\* "Postroyeno pri ekonomicheskem i tekhnicheskem sodeystvii Sovetskogo Soyuza" [Built With the Soviet Union's Economic and Technical Assistance], Moscow, Izdatel'stvo "Mezhdunarodnyye otnosheniya," 1982, p 304.  
A.S. Kodachenko, "SSSR i razvivayushchiyesya strany: opyt ekonomicheskogo sotrudничества" [The USSR and the Developing Countries: Experience of Economic Cooperation], Moscow, Izdatel'stvo "Mezhdunarodnyye otnosheniya," 1982, p 128.  
V.D. Popov, "Ekonomicheskoye sotrudnichestvo stran SEV s razvivayushchimisya gosudarstvami" [The CEMA Countries' Economic Cooperation With the Developing States], Moscow, Izdatel'stvo "Ekonomika," 1982, p 144.

Economic Relations, traces the coming into being and development of such an important and effective form of foreign economic relations as economic and technical assistance to foreign countries in the development of their national economies; its place and role in the system of the Soviet Union's foreign economic relations are determined (Chapter 1). The main factors, areas and dynamics of the USSR's growing cooperation with the socialist and developing countries and also with certain developed capitalist states (Chapters 2-4) and its significance from the viewpoint of the possibilities of the accomplishment of political and national economic tasks of both the Soviet Union and its partners are revealed. Impressive data are adduced on the scale of the USSR's economic assistance to foreign countries. It is noted in particular that in the 1970's total assistance with agreements with foreign countries almost tripled, this including an increase by a factor of 3.5 with respect to the CEMA countries and a factor of 3.1 with respect to the developing states (p 16). Altogether by the start of 1981 the number of enterprises and facilities built, under construction and planned for construction with the participation of the Soviet Union amounted to 4,216, including 3,006 in socialist countries, 1,193 in developing countries and 17 in developed capitalist states (p 17). Exports of Soviet complete-set equipment (not counting gratis assistance supplies to foreign states) amounted to R15.3 billion in the period 1971-1980, exceeding by a factor of more than 2.5 the level of the preceding decade (p 19). The work pays considerable attention to an analysis of the sectorial structure of the USSR's economic and technical assistance to foreign countries, an examination of the terms and forms of cooperation and a study of the singularities of the development of relations with individual socialist, developing and industrial capitalist countries. A special section is devoted to questions of the organization and control of foreign economic relations along USSR State Committee for Foreign Economic Relations lines. It shows, inter alia, the latter's responsible role in the unification of the efforts of ministries and departments, numerous enterprises and organizations and groups of workers and specialists in rendering foreign countries economic and technical assistance.

It is important to note that the book's authors approach the set of problems in question from broad world-economic positions. Questions of economic and technical assistance to foreign states are examined by them in the context of its influence on the world socialist economy and the economy of the developing countries, and the fundamental difference of the foreign economic relations of the USSR and the other fraternal states, which are determined by the principles of the socialist social system, both among themselves and with countries of other social systems, from the foreign economic relations within the framework of the world capitalist economy, which are based on exploitation, is shown. This work is favorably distinguished by the authors' endeavor not simply to sum up the work that has been done in the 25 years of the State Committee for Foreign Economic Relations' existence but also to outline further prospects with respect to the basic directions of the USSR's economic and technical assistance to foreign countries.

A characteristic feature of A. Kodachenko's study is primarily the fact that it comprehensively illustrates the Soviet Union's trade-economic relations with the developing countries on the basis of a vast amount of material of the past decade. As distinct from the above collective monograph, it examines not only foreign economic relations along the lines of the USSR's assistance to the emergent states (although they also are analyzed perfectly comprehensively in Chapter V) but also conventional trade relations on a commercial basis (Chapter IV); the essence of neocolonialism as the principal obstacle to the socioeconomic progress of countries which have gained political independence and are developing a national economy is revealed (pp 26-46). The author analyzes questions of the USSR's economic cooperation with the emergent states in the context of the latter's struggle for the consolidation of sovereignty over national resources and the achievement of economic independence and for the reorganization of international economic relations on democratic principles. Examining the results and prospects of this cooperation, he emphasizes that "whereas the neocolonialist conception of the dependent economic development of countries of the developing world emphasizes the development in them of capitalist production relations, cultivation of the bourgeoisie and the conversion of the capitalist production mode into the dominant economic structure, the economic assistance and cooperation of the socialist countries is leading to the cohesion of all democratic forces which stand on an anti-imperialist and anticapitalist platform of social development and to preparation of the conditions for the transition to a more progressive, noncapitalist, path of development" (pp 104-105). Among the book's merits we may also put the author's endeavor to take account of the intensifying process of economic and political differentiation within the developing world (pp 107-110), which, naturally, is reflected in the USSR's relations with the emergent countries and makes a selective approach to questions of cooperation necessary in each specific case. The work is also of interest from the viewpoint of the numerous facts and statistical material which it contains.

The last of the monographs in question is devoted to questions of the development of new forms of the economic and scientific-technical cooperation of the socialist and developing states which are as yet insufficiently illustrated in national literature. It pays considerable attention to a study of the different aspects of production cooperation between the socialist and developing countries and the experience of joint ventures and also to an analysis of the problem of the efficiency of industrial cooperation and the development of a system of indicators and criteria of its evaluation. Here, as distinct from the two other publications, this book examines the foreign economic relations of all the CEMA members with the emergent states. The author shows the diversity of these relations and their spread to the main spheres of the young states' economic life, with the concentration of efforts on the development of sectors of industry, agriculture and the infrastructure which are the most important for this country or the other (pp 28-60). The work emphasizes that "in rendering the developing states economic and technical assistance the Soviet Union and the other CEMA countries take account of their endeavor to make more rational use of their natural wealth, create and expand national industry, enhance labor productivity and raise the living standard of their people" (p 35). V. Popov's analysis of accumulated

experience and the current trends and prospects of production cooperation between the CEMA states and the developing countries realized on the basis of special bilateral and multilateral agreements (Chapter II) merits attention. Noting that by the start of the 1980's more than 300 such agreements had been signed and implemented (p 64), he shows the benefits and advantages of this form of foreign economic relations.

Unfortunately, the book fails to properly reflect questions of the influence of the CEMA countries' economic and technical assistance to the developing states on an improvement in the summary economic indicators of the economy's development and an increase in social production efficiency, particularly on the solution of highly acute socioeconomic problems, primarily the use of the huge mass of surplus manpower.

The study performed by the authors of the works in question of various aspects of the socialist and developing countries' economic cooperation is undoubtedly of theoretical and practical interest. The formation and development of relations between them built on the principles of equality, noninterference in each other's internal affairs, respect for national sovereignty and mutual benefit are contributing to the strengthening of general democratic trends on a world economy scale and are an important factor counteracting the domination of imperialism in the majority of emergent states.

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